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Canada. Coasting Trade, Royal
Commission on



SUBMISSIONS
TO THE
ROYAL COMMISSION
ON COASTING TRADE

—1955—

vol. 1-2

MEMOIRES SOUMIS
A LA
COMMISSION ROYALE
SUR LE CABOTAGE

Volume I - II

STUDIOS TO YACLED



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3.7.52

ERRATA

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Paragraph 9 should read as follows:-

"Any curtailment of our activities would create additional unemployment thus aggravating the situation that is already causing great concern to the Department of Labour of the Federal and Provincial Governments".

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- (2) B-76 (Vol.II) - submitted by the Committee on Newfoundland Coastal Shipping.

Line 20, Page 7 -

Change - "the vessels from 20 to 30 tons"

to read - "the vessels from 20 to 150 tons".

- (3) B-82 (Vol.III) - submitted by the Canadian Shipbuilding and Ship Repairing Association.

Table XIII (A) is to be added to the Appendix, Page 46:-

Country of Build	1950 6 months		1951		1952		1953		1954	
	No.	Gross Tons	No.	Gross Tons	No.	Gross Tons	No.	Gross Tons	No.	Gross Tons
France	-	-	1	5,994	-	-	-	-	-	-
Jamaica	-	-	1	250	-	-	-	-	-	-
Netherlands	-	-	-	-	-	-	-	-	1	957
United Kingdom	2	8,519	2	4,888	7	71,164	-	-	6	12,976
United States	12	8,033	18	10,085	14	19,359	8	4,941	-	-
Total....	14	16,552	22	21,217	21	90,523	8	4,941	7	13,933

- (4) B-100 (Vol.III) - Maritime Transportation Commission.

Page 8, Lines 28 and 29 -

Change - "water services, competitive rail rates from central Canada to the Maritimes were cancelled in September, 1948".

to read - "water services, competitive rail rates on canned goods, for example, from central Canada to the Maritimes expired and were cancelled in November, 1948",

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Vancouver, B.C.

(All the briefs are numbered in the order they were received.)

CANADIAN CAR & FOUNDRY COMPANY LIMITED

621 Craig St. West
Montreal 3

April 14, 1955.

The Royal Commission on the Coastal
Trade of Canada,
Ottawa, Ontario.

Gentlemen:

Submission of the
Canadian Car & Foundry Company, Limited

This Company, with Head Office in the City of Montreal, carries on business in Canada at its plants in Fort William, Ontario and Montreal, Quebec.

For years, Can-Car has supplied, to the shipyards of Canada, steel castings of all types, such as, anchors, bed plates, bollards, capstans, howse pipes, propeller hubs, propeller blades, rudders, rudder frames, rudder posts, stanchions, stems, stern frames, stern posts, stern tubes, struts, turbine castings, valve castings, etc.

The various shipbuilding companies in Canada, to whom we have supplied such castings, are: Burrard Dry Dock Company, Canadian Vickers Limited, Collingwood Shipyards Limited, Davie Shipbuilding Company, Geo. T. Davie & Sons, Halifax Shipyards Limited, John Inglis Company, Marine Industries Limited, Port Arthur Shipbuilding Company, St. John Dry Dock.

During the period from October 1, 1950 to December 31, 1954, Canadian Car & Foundry Company, Limited supplied, to the aforementioned shipbuilders, 2284 units representing 1174 net tons, having a value of \$696,408.

The number of man hours of employment provided by this volume of business was 112,000 for the 1174 net tons or 95.4 per ton of castings. In addition to the number of man hours, there were 13,384 salaried hours for the 1174 net tons, being 11.4 per ton of casting. In all, the man hours and salaried hours amounted to 125,384.

With the building of the St. Lawrence Seaway, one would expect a marked improvement in the shipbuilding industry since, with the opening of the Seaway, larger and more modern ships will be able to navigate in the waters and the older and smaller ships will become obsolete and uneconomical to operate. However, it appears that no such increase in shipbuilding industry can be foreseen.

At the present time, Canadian built ships must depend on the coastal trade in Canada for their existence, since they cannot compete on the high seas, in view of the fact that ships built in Canada cost 50% to 60% more than the same ships would cost if built in Britain. This difference in cost is a direct result of the difference in shipyard workers' wages which amount to 50¢ per hour in Britain as compared to \$1.50 per hour in Canada.

Again, there is a marked spread between the wages received by British sailors and Canadian sailors. The British sailor receives \$90. per month, whereas the Canadian sailor receives \$230. per month.

With the exception of the United States, Canada's ships have the highest wage costs in the world.

Under the Canada Shipping Act and the British Commonwealth Merchant Shipping Agreement 1931, ships built and registered anywhere in the Commonwealth have the same rights as Canadian built ships, to carry goods and passengers from one point to another within the coastal waters of Canada. Furthermore, ships built outside the Commonwealth, but registered therein, may enter the coastal trade of Canada under license upon payment of a 25% ad valorem duty on the market value of the ship.

From the foregoing, it will be readily understood that once the St. Lawrence Seaway is opened and Commonwealth ships are allowed to enter our coastal trade, it will be impossible for Canadian built ships, operated by Canadian sailors, to compete.

The direct result will be a decrease in the number of ships built in Canada, as well as the number of sailors employed to operate them. This, in turn, will affect all suppliers of the shipbuilding industry and so on down the line.

The experience of two World Wars has shown that Canada must maintain a shipbuilding industry in order to maintain merchant ships and warcraft to carry her goods and protect her lifeline. This applies even more so today than ever, in view of the atomic age in which we are living.

Canadian Car & Foundry Company, Limited has many skilled men trained in the art of producing parts and equipment for the shipbuilding industry. This Company has always played an important part as a supplier to that industry. It is hoped that the Government of Canada will give adequate protection to the shipbuilders so that they, as well as this Company and others, may be able to maintain their force of men trained in that special type of work.

It is in the interests of all concerned to keep as much employment in Canada as possible and in this connection, I might say that when the shipbuilders are working, men in other industries are given work, which is a healthy position for the economy of Canada.

What is the solution?

It is recommended that the Government of Canada take the appropriate and necessary action to assure and preserve, for vessels registered and built in Canada, the coastal trade in Canada, thereby guaranteeing the maintenance of and an increase in the shipbuilding industry in this country, which, in turn, will provide employment to thousands.

Respectfully submitted,

CANADIAN CAR & FOUNDRY COMPANY, LIMITED

Edwin J. Cosford
President and Managing Director

SUBMISSION OF THE PROVINCE OF ALBERTA

1. Whereas Section 4 of The Navigable Waters Protection Act (R.S., C. 140, S.1) reads as follows:

Section 4. No work shall be built or placed in, upon, over, under, through or across any navigable water unless the site has been approved by the Governor in Council nor unless such work is built, placed, and maintained in accordance with plans and regulations approved or made by the Governor-in-Council

AND WHEREAS

2. The words "navigable water" are not defined and could be interpreted as meaning almost any body of water whether permanent or ephemeral

AND WHEREAS

3. This lack of definition of the words "navigable water" has resulted in confusion and a tendency to ignore the Navigable Waters Protection Act

AND WHEREAS

4. Many of the streams in the Province of Alberta which might be included in the term "navigable water" are not now and never will be navigated due to lack of water flow

AND WHEREAS

5. Thousands of dams for the conservation of water are being built on watercourses in the Province of Alberta in the interests of the general good

THEREFORE, it is respectfully submitted by the Government of the Province of Alberta that the Navigable Waters Protection Act be amended to clear up the uncertainty created by a lack of definition of the words "navigable water".

HONOURABLE L.C. HALMRAST,
MINISTER OF AGRICULTURE
CHARGED WITH THE ADMINISTRATION
OF THE WATER RESOURCES ACT OF
THE PROVINCE OF ALBERTA.

SUBMISSION TO THE
ROYAL COMMISSION ON THE COASTING TRADE OF CANADA

Submitted by

NATIONAL ASSOCIATION OF MARINE ENGINEERS OF CANADA

(INCORPORATED)

April 10, 1955.

The use and control of a Merchant Marine has been a great factor in the history of the world.

For the 17 years that Hannibal strove against Rome and the 16 years of struggle by Napoleon against England which ended in defeat to both the Carthaginian and the French Emperor at Zama and Waterloo respectively historians credit many facts and theories but one coincidence stands out strikingly that in both instances the nation that maintained a Merchant Marine was the victor, yet neither defeat was a naval engagement.

Hannibal was forced to a long and perilous march through Gaul where half his troops wasted away while the Roman General was able to send his army from the Rhone to Spain in the Merchant Navy, unmolested and unwearied.

Historians deal with wars, politics, social and economic conditions of countries and touch on maritime matters only incidentally and usually unsympathetically.

Numerous and deep harbours are a source of strength and wealth and are doubly so if they are the outlets of navigable rivers which facilitates in them a concentration of a country's internal trade.

These harbours can be changed to or prevented from becoming terminuses by the operation or non operation of an efficient national coastal fleet that would transform the coast waters into one of the great highways of the world.

The nation that possesses a boundary on the sea is singularly fortunate in that the boundary unites them rather than divides them from that sea.

But such unity only exists for the nations that possess a fleet of vessels to utilize the great medium for transport.

The early civilizations of the world grew up in those nations that were able to establish the merchant sea power on the waters of their coasts.

Such were the Cretes, the Phoenicians and the Greeks.

Sir Archibald Hurd in the "Official History of the Great War" dealing with the work of the Merchant Navy expressed the opinion that "a fighting fleet without the support of a Merchant Navy must be demobilized".

Canada did not possess a Deep sea fleet prior to the last war.

But at its outbreak a large number of the naval volunteer reserve serving on coastal and lake ships were called up immediately for duty. It is not politic or practical to deprive the shipping companies of too many officers at once but the domestic fleet was Canada's only source of supply for experienced personnel.

Efficient and well trained officers were employed as navigators and engineers on a vast number of small craft which were requisitioned for war service. These constituted mainly tugs, fishing vessels and yachts and were used for patrol and as messengers.

- (2) " The desire of shipowners to escape the necessity of complying with the very excellent regulations developed in Canada for the protection of life and limb on Canadian ships and in particular the certification required by Canada to assure that the ships are well and competently manned."

In the first instance unfair economic pressure is placed on Canadian shipowners that requires them to take retrograde steps in order to compete. To operate under more favourable competitive conditions they too will be compelled to transfer their vessels to British registry to be manned with British domiciled crews.

This course only leads to the eventual depletion and probably extinction of the Canadian fleet from its own coastal waters.

The operation of just one British ship on Canadian coastal service creates an economic pressure on the Canadian shipping industry that is unhealthy for its development. This economic pressure might likewise be felt by any bus, truck, or rail lines that operate over land between Canadian seaport cities.

The results of the operation of British or foreign ships are of serious consequence. Not only can it destroy the Canadian Shipping industry in itself but also the subsidiary industries such as ship building and ship chandlery and the loss of general economic advantage to the community of the purchasing power provided by a healthy industry.

This Association has full sympathy with the plight of Canadian shipowners who are compelled to compete against this unfair competition, and at the same time endeavour to remain loyal to Canadian ideals and standards.

The Canadian Maritime Commission in its Seventh Report on June 1954 states:

- " Approximately $5\frac{1}{2}$ per cent of the total tonnage of cargo in the coasting trade in 1953 (the same proportion as in 1952) was carried in ships not registered in Canada. The great majority of these were British ships registered in the United Kingdom. Thirty-six such British ships entered the coasting trade during the year. While the participation of ships of United Kingdom registry in the seaborne domestic movement of coal from Cape Breton Island increased from 57 per cent in 1952 to 79 per cent in 1953, by reason of the fact that British colliers were available to replace a number of foreign colliers which had been employed under special circumstances in 1952, the participation of Canadian ships in the trade remained almost unchanged at 21 per cent.
- " Vessels registered outside Canada and the United Kingdom made 633 passages with cargo through the St. Lawrence Canals in 1953. The number compares with 338 in 1952. The rapidly increasing number of vessels from overseas entering the Great Lakes reflects the growing interest of European shipowners in establishing themselves in Great Lakes-overseas trades preparatory to the development of the St. Lawrence Seaway. Under the provisions of the Canada Shipping Act, foreign vessels may load and discharge cargo at Canadian ports in international trade, but only vessels registered in the British Commonwealth may carry cargo destined from one Canadian port to another in the Coasting Trade."

It is not relative whether the amount of British or foreign shipping is great or whether it is small whether it is increasing or if it is decreasing. The unsatisfactory factor is that it is allowed to occur at all.

It has been a traditional practice of foreign owned ships to desert Canadian waters in time of war and during the period of our greatest emergency Canada is lacking in the ships that are so essential to the war effort.

For the same reason it is rapidly becoming necessary that a Canada-U.S.A. Agreement should be reached to restrict the transportation of goods from a Canadian Great Lake or Coastal port to an American Great Lake or Coastal port and vice versa to ships of either the United States or Canada.

The second point we mentioned as a reason for operating British ships is an attempt by shipowners to enhance their profits and economic position by operating non-competitive British registered ships within a Canadian economy.

British coastal ships are not required to carry certificated Engineer Officer personnel to the same extent as Canadian ships.

Order-in-Council P.C. 1954 - 1344 and the attendant instructions to Steamship Inspectors provides that British ships operating "solely in Canadian waters at all times" shall be provided with certificated engineer personnel and safety equipment as per Canadian requirements. The same instructions require that British ships of under 100 Nominal Horsepower need only one of the ship's Engineers to hold a Certificate of Competency while Canadian ships are required to carry the full compliment of watchkeeping engineers with certificates.

Great Lake and coastal cargo vessels and towboats can carry on almost "solely" in Canadian coastal trade and make sporadic trips to United States border ports to qualify for the exemption provided.

This advent will become more pronounced in both areas and the addition of each new ship of British Registry to this service will cause increased impetus to utilize additional British tonnage.

There is thinking on the part of operators on the Great Lakes and B.C. Coast of transferring ships to British registry.

We abhor the thought of Canadian owned ships sailing in Canadian waters, charging Canadian prices, enjoying and exploiting the wealth of Canadian resources then seizing a technicality in the Canada Shipping Act to avoid their own responsibility in developing the Canadian economy.

Canada will find itself without ships on her coast and lakes and without trained crews and officer personnel capable of operating a fleet or of supplementing the navy during wartime.

The supply of Marine Engineer personnel on ships in Canada is acute and it is becoming increasingly difficult to attract young men with sufficient ability to choose Marine Engineering as a vocation.

Business Agents of the National Association of Marine Engineers in Vancouver have from time to time been requested by High School Student Councillors to address the graduating classes of Vancouver High Schools on the attractiveness of Marine Engineering as a life career.

An analysis of the situation indicated that the Canadian Merchant offered no prospects of future security and promotion for young men of the calibre required to pass the First or Second

Class Certificate of Competency. The Deepwater fleet had become extinct and the coastal fleet is in a life or death struggle for existence against British and foreign ships.

When the British Commonwealth Merchant Shipping Agreement was drawn up in 1931 it served well the needs of its time. There was not the great disparity in economic levels between Canada and the United Kingdom that exists today but with the devalued pound and the present opposite levels in the cost-of-living it is obvious that an agreement that was justifiable in one age is detrimental in another.

Cheapness of operation is not an asset, coolie wages did not make China prosperous nor cause its industries to thrive.

Canada is probably the only country in the world that permits foreign ships to ply its coastal trade yet has protected its manufacturing industries by tariffs and excise duties and its farming and dairying industry by subsidies and price support.

Canadian airlines are protected to the extent that British or foreign aircraft cannot transport passengers or goods from one port in Canada to another port in Canada.

To maintain an independent national economic entity the time is long past due that Canada needs to protect its coastal fleet for Canadian use and operation by Canadian citizens.

Respectfully submitted,

C.V. Squires - National President.

H.B. McKie - National Secretary

GREAT LAKES - ST. LAWRENCE - NEWFOUNDLAND

With reference to Order-in-Council P.C.1955 - 308 the following submission is respectfully made:

INTRODUCTION

This submission is not directly relevant to the shipping industry in Canada, but is intended rather to bring into focus certain facts and conclusions in regard to trade and shipping via the Great Lakes and St. Lawrence Seaway, in the belief that this vast waterway offers advantages to Canada as a world trading power that have not yet been widely recognized.

We are conscious of the many recommendations that are being made in regard to our Canadian shipping industry, and the effect the deepened seaway will have on our depleted merchant marine. In most instances, however, restrictive legislation, costly tolls and other artificial means are proposed to prevent foreign ships from entering the St. Lawrence - Great Lakes area, where, by virtue of lower wage rates they would offer competition which could not be met by Canadian ship-owners without subsidization or other artificial protection.

It is with the thought of contributing what may be considered a different point of view, in fact a more positive and constructive approach, that we wish to suggest that Newfoundland has been overlooked in the plans made to date, and that the geography of Newfoundland, as to both position and anchorage, is a factor of prime importance in the exploitation of the St. Lawrence Seaway.

While your Commission is basically concerned with the coasting Trade of Canada, we feel that our remarks might well come under Section "C" of your terms of reference, as our submission transcends even international bounds, being global in scope.

Submission
Part I.
Fundamental Considerations
Exchange Port

We would submit at the outset that there are two definite areas to be considered in dealing with the coasting trade of Eastern Canada, having regard to import and export cargoes as well as purely domestic trade. First there is the inland waterway comprising the Great Lakes, the St. Lawrence River and the Gulf of St. Lawrence. This, today, is a true coastal area. The second area to be considered is oceanic, and comprises, in fact, all the oceans of the world.

As soon as this distinction is made between inland and oceanic shipping it becomes apparent that two distinct types of ships and two distinct services are required to develop transportation with the greatest efficiency and the lowest cost.

It is also apparent that there must, as a plain fact of geography, be a meeting point at which the relatively straight line of inland, coastal shipping intersects the great curve of oceanic traffic.

Finally it is equally clear that it would be desirable, provided an adequate harbour were accessible, to transfer all import and export goods from oceanic carriers to inland carriers and vice versa at this geographically determined point of intersection.

Now the pertinent geographic facts that are fundamental are three: First, the Great Circle route which is followed by most ships plying between Europe and America, and via both the Suez and the Panama canals to the Middle East and Africa and to Indian and the Far East, passes in a great curve by the South Coast of Newfoundland.

B-4

Second, the relatively straight line of what we have called coastal or inland shipping intersects that great curve of oceanic shipping just south of Newfoundland. Thirdly, by an unconvenanted provision of Nature, perhaps analogous to the situation of Gatun Lake on the Isthmus of Panama, two magnificent ice-free harbours - Mortier Bay and Bay d'Espoir (considered as one for convenience at this stage) - are situated on the South Coast of Newfoundland near the point of intersection mentioned.

Recapitulation

There should be a shuttle service along the inland waterway, collecting enormous quantities of export goods and distributing goods brought from abroad; and there should be a deep sea, foreign-going service. These two services must have at their disposal two broad categories of ships, inland and oceanic; and these must be able to effect transfer of cargoes at their point of intersection throughout twelve months of the year. Hence Mortier Bay and Bay d'Espoir should be developed as an exchange port.

Related Geographic Facts

In addition to these fundamental facts of geography we suggest that there is material for interesting reflection in the well known strategic importance of Newfoundland's position, as demonstrated by the use made of Gander Airport and a score of Newfoundland harbours during wartime.

May we call attention also to the position of Mortier Bay and Bay d'Espoir relative to South America. They are nearly 700 miles closer to Pernambuco than is New Orleans and closer by 550 miles than is New York.

Advantages to Transportation

Great Lakes ships can carry three to five times as much freight as average ocean going ships, which means cheaper rates on freight handled by these ships on the inland routes. It means, too, that the necessary volume of goods can be moved both up-river and down during the months the St. Lawrence River is open to navigation.

There is no need to point out the cost of ballast legs in water transport; and this is a factor of enormous importance in the movement of iron ore from Seven Islands. It has been estimated that a dollar could be saved on every ton of ore shipped, if the carriers could bring back grain instead of ballast; and this would be entirely feasible if elevators were erected at Mortier Bay - Bay d'Espoir. On the basis of twenty-million tons of ore a year it can be seen that on this one type of cargo a saving of \$20,000,000.00 a year may be effected - to say nothing of the saving to grain growers.

Slow turnaround is, of course, another costly factor in water transport; and this, too, can be obviated by the establishment of an exchange port at Mortier Bay - Bay d'Espoir. There can be no justification for ocean going vessels making their tortuous way up the inland route, picking up a bit of freight here and another bit there, when they could just as well take a full load, at the natural transfer point from stock-piles kept available.

Carriers must be designed for specific purposes. A gondola that is suitable for handling coal is not suitable for the transport of perishable fruit; nor does an inter-urban bus serve the needs of an urban route. If this principle is kept in mind, ocean going ships will not be seen up the St. Lawrence and in the Great Lakes any more than Lake boats will be seen in Mid-Atlantic or on the coasts of Africa.

B-4

A Glance at Hochelaga

With respect to this principle of designing and using carriers for specific purposes it is instructive to glance at what made Montreal. In the days of Cartier and Maisonneuve, Montreal was a true oceanic port. Ocean going vessels could reach it without any hindrance. Inland carriers, canoes, could reach it easily. There was one commodity, fur, to be picked up once a year, after the pelts were in and the ice was out; and this simple efficiency made Montreal. Today the corresponding simplicity of efficiency can only be duplicated on the South Coast of Newfoundland.

Advantages to Grain Growers

It is calculated that six or seven cents a bushel are saved by shipping grain by Lake boats to Montreal. How much more will be saved if it is shipped another 1200 miles by water before it starts its ocean transport? Add to this the saving effected by hauling it all by water and not having to depend on rail transport to St. John's, Portland and Halifax during the winter months. Over and above this, may we suggest that it will be beneficial to the price level to have a constant supply of grain available throughout twelve months of the year.

Advantages to Cattle Ranchers

Cattle can be grazed till late in the fall in the West, shipped lean to Mortier Bay - Bay d'Espoir, fattened there on grain from the West and hay and turnips from the Maritimes, then slaughtered and shipped chilled, rather than deep frozen to Britain and Europe.

Advantages to Ship Owners

Canadian Ship-owners will be able to control the inland traffic without recourse to artificial means of protection. There will be no incentive to ocean going ships to penetrate the inland waters. Canadian Ship-owners will regain their lost volume of business, recruit and train good seamen and in time take their rightful place on the ocean of the world.

Relative Advantages to Canada and U.S.A.

It is well to stop and ask ourselves who is going to benefit most from this development of the St. Lawrence Seaway. We are inclined to think of Halifax as a big port and yet it handles less than four million tons of freight a year, whereas there are twenty three harbours on the American side of the Great Lakes each of which handles more. Duluth is the third largest port in America, handling 63 million tons a year. The total of the twenty-three harbours mentioned is over 300 million tons.

It is obvious that no artificial means can control that mass of freight. Americans will not be bottled up by tolls or any other impediments. The only possible way Canada can control and profit by this vast movement of freight is by providing the natural type of services at Mortier Bay - Bay d'Espoir which are the subject of this submission.

Part II Free Port a Natural Concomitant

With an enormous depot of raw materials at Mortier Bay - Bay d'Espoir it will be possible to manufacture some commodities advantageously - notably meat products, distilled liquors and petroleum products.

B-4

Other commodities can be put through further processes of manufacture.

There will be need for repackaging and assembling for distribution.

All these activities will be greatly facilitated by waiver of customs duties within an enclosed area, as in various free ports in Europe and Asia - all of which are successful.

This would provide a vast shop-window for all the goods that Canada has to sell, and a most convenient assembly point for her imports, in a word an unsurpassed market-place.

Freer Trade

The effects of this scheme can readily be seen in terms of freer tendencies in world trade and even a lessening tension in world affairs.

Part III Recommendation as to Policy

It is respectfully recommended, finally, in the light of all the foregoing, that the Royal Commission on the Coasting Trade of Canada use its good offices, in so far as it lies in its power and in ways known best to itself, to those three ends:

1. The establishment of an exchange port on the South Coast of Newfoundland.
2. The establishment of that exchange port as a free port.
3. The co-ordination of developments at all points on the Great Lakes and the St. Lawrence River in the light of the geography of Newfoundland.

St. John's, Newfoundland,
April 7th, 1955.

C. F. MacLellan,
NFLD TRANSPORTATION CO. LTD.

DARLING BROTHERS, LIMITED.

140 Prince St. Montreal 3, Que. P.O. Box 187

April 18, 1955.

Royal Commission on the Coasting
Trade of Canada,
490 Sussex Street,
Ottawa, Ont.

ATTENTION - MR. G. GORDON McLEOD.

Dear Sirs:-

It has come to our attention that you are inviting any interested parties to make known their views on the coasting trade, and we are pleased to make the following submission.

There is every evidence that shipbuilding will disappear from Canada unless part XIII of the Canada Shipping Act is amended so that new ships coming into the Canadian register must be built in this country. If this amendment is adopted, then it should also provide that all material and components for new ships must be purchased in Canada.

As manufacturers of marine components, such as Pumps and Heat Exchangers, we depend on this business for part of our factory production. Under present conditions the Canadian shipbuilders purchased many of the components in Europe because prices are so much cheaper. The price differential is due to the fact that our wages for mechanica in Canada are approximately three times as much as they are in these foreign countries.

During both World War I and World War II, we produced a large number of components for the navy, as well as for cargo vessels, and we have always maintained men on our staff who are capable of handling this type of specialized work. If shipbuilding in Canada is to disappear, then it will be impractical for us to maintain a group of people qualified to deal with marine work. This could be of some importance to the country should another emergency occur in the future requiring the construction of naval and/or cargo vessels.

If the coasting laws are amended in the way that has been suggested, the shipbuilders of Canada should be busy with the coming St. Lawrence Seaway, and if they then buy their materials and components in Canada, it will provide business for us and a corresponding increase in the number of men employed in our plant.

Respectfully submitted,

DARLING BROTHERS, LIMITED.

(sgd.) Edward Darling
PRESIDENT.

SHAW STEAMSHIP CO., LIMITED

Halifax, N.S.
March 23rd, 1955.

Mr. W.N. Wickwire,
121 Granville Street,
City.

Dear Mr. Wickwire:-

Should the Royal Commission see fit to recommend that Commonwealth vessels be barred from the Canadian coasting trade, please do not overlook that there is Canadian owned, British registered vessels, already in our coasting trade, so it should be recommended that these vessels be allowed the privilege, or that they be allowed to transfer to Canadian registry.

We ourselves have five such vessels, which owned by us, manned by Canadian crews, but their port of registry is Barbados, B.W.I.

We have thought it advisable to bring this situation to your attention, so that we, and others, will receive the necessary consideration.

Thanking you for bearing the question of Canadian owned ships, registered in some other part of the Commonwealth in mind, we are,

Yours very truly,

SHAW STEAMSHIP COMPANY LIMITED

W. A. Shaw

FOSTER WHEELER LIMITED

Equipment for
Power and Heating Plants
Oil Refineries
Pulp and Paper Mills

Head Office and Works
St. Catharines, Ont.
P.O. Box 429

April 20th, 1955.

MEMO SUBMITTED BY - FOSTER WHEELER LIMITED, ST. CATHARINES, ONT.

The advantages to Canadian Industry
which would be available by having
Canadian Coastal Trade.

During the years 1946 to 1954 Foster Wheeler Limited has built boilers in their shops in St. Catharines for twenty-eight ships which were constructed in Canadian Shipyards.

To accomplish this has required 265,000 man hours of employment in our shops, to produce the equivalent of 1,455,505 pounds of steam per hour.

In 1954 no Marine Boilers were manufactured by us and the outlook for 1955 does not appear to be any better. We fully realise that our contribution to the whole shipbuilding industry is a very small, but essential part of the industry, but taking the total loss of business and employment in all the other component branches, it would add up to a considerable amount.

From this it can be seen that having no Canadian Coastal Shipping Trade, not only is this important business lost to our Canadian Shipping companies, but the shipbuilding industry and its component branches are all suffering from the same lack of orders.

Should it be made possible that all goods shipped from a port in Canada to another Canadian port had to be carried in Canadian bottoms, and that the vessels in the Canadian Coastal Trade had to be built in Canada, a tremendous stimulus would be given to the shipbuilding industry in Canada and its component companies.

The important art of shipbuilding would then be available in times of hostilities and not lost to Canada, as in the previous era, when it had to be built up from rest and many valuable years of production were lost to the Allied cause.

CABOT CARBON OF CANADA, LTD.

P.O. Box 305
350 Wilton Street
Sarnia, Ontario

Address Reply to: Godfrey L. Cabot, Inc.
77 Franklin Street
Boston 10, Massachusetts
Lee Cisneros, T. M.

April 21, 1955.

Royal Commission on Coasting Trade,
490 Sussex Street,
Ottawa, Canada

Subject: Order-in-Council P.C. 1955-308-Inquiry of Part XIII
of the Canada Shipping Act, Coasting Trade of Canada

Dear Sir:

A copy of your March 21st announcement in connection with the above subject Order-in-Council has been forwarded to us for action.

Your letter requests parties to make submissions in writing no later than April 30th and we are making this submission for the purpose of expressing our views in connection with the matters under inquiry.

We are manufacturers of Carbon Black, owning a plant which manufactures substantial quantities of this material at Sarnia, Ontario, Canada. Raw material for the manufacture of this product is imported from the U.S. at the present time. Outbound shipments are made to rubber and tire manufacturing plants in Eastern Canada and is exported throughout the world through the ports of Sarnia, Montreal, St. John, Halifax and U.S. North Atlantic Ports.

We are, therefore, vitally concerned with the problems that is before the Commission and covered by Order-in-Council P.C. 1955-308.

Our product competes in world markets against U.S. and European Carbon Black production and no impediment in the form of shipping restrictions should be placed in the path of the free movement of our product on a world-wide competitive basis. This would not only apply to international outbound movement but with equal force to international traffic of our inbound raw materials to Sarnia.

With respect to the problem in connection with coastal and intercoastal Canadian traffic we are frank to admit that this is an extremely difficult problem. We do not feel, however, that the Commission should completely legislate against a free competitive situation by the exclusion of all but Canadian flag ships. Some safeguards for the protection of Canadian shipping and shipbuilding may be desirable and indeed necessary. We would like to urge the Commission however, not to take any action which would eventually mean subsidizing of the Canadian shipping and shipbuilding industry by the shippers who would no doubt be subject to payment of higher transportation costs on removal of all competitive factors.

We earnestly solicit the Royal Commission's consideration of the above views in making any final recommendations on Order-in-Council P.C. 1955-308.

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Would appreciate you keeping us advised as this
matter progresses.

Very truly yours,

CABOT CARBON OF CANADA, LTD.

LEE CISNEROS
TRAFFIC MANAGER

Mémoire soumis à la Commission Royale sur le Cabotage
par le Capitaine Roger Desgagnés, St-Joseph de la Rive,
(P.Q.)

Etant intéressé au cabotage fait par la petite navigation du Golfe St-Laurent jusqu'à Montréal, voici les points sur lesquels je désire que la Commission Royale porte une attention spéciale en faisant son enquête:

a) N'y aurait-il pas possibilité d'empêcher certains navires étrangers, entr'autres les navires anglais, de faire du transport canadien à un autre port canadien. Pour nous, petits caboteurs, il nous est impossible de rivaliser avec les cotations de ces navires. Les raisons sont que ces navires étrangers paient des salaires de beaucoup inférieurs aux nôtres, et aussi que le coût de la construction et de la réparation de leurs navires est beaucoup plus bas que pour nous.

b) Pourquoi certains contrats provenant d'une certaine autorité gouvernementale sont-ils exécutés par ces navires anglais? Naturellement, de tels contrats sont donnés d'abord à une compagnie canadienne. Celle-ci, pour faire plus de profit néglige de prendre nos cabotiers et a engagé et engage encore un navire anglais pour exécuter ces contrats. Du travail venant d'un gouvernement ou d'une compagnie appartenant à un gouvernement, la logique serait bien d'attribuer ce travail à des caboteurs canadiens. Je ne vois pas des armateurs étrangers venir payer l'impôt à nos gouvernements, tandis que c'est bien le cas pour nous.

c) Les chantiers maritimes se plaignent du manque de travail. On critique ceux qui jettent l'oeil à l'étranger pour acheter ou faire bâtir des navires. Si l'armateur n'est pas intéressé, c'est que le coût de construction est trop élevé. Pour nous, petits caboteurs, le problème pourrait être résolu de cette manière. Que le gouvernement établisse des prêts à long terme d'abord, et qu'ensuite, il accorde certains subsides aux chantiers maritimes.

d) Ne serait-il pas possible que par l'imposition de certaines lois, la survivance de la petite navigation côtière soit assurée: c'est-à-dire, que dans tout transport d'une certaine importance, un pourcentage pourrait être défini à la petite navigation.

e) Quant à la canalisation, nous suggérons que les droits payés pour passer dans les nouvelles écluses soient établis selon le tonnage du navire.

Présentement, la petite navigation souffre énormément de certains maux infligés par l'intérêt du gain de gros capitalistes ou de certaines compagnies. Pourquoi pas, un comité de deux ou trois membres nommés par l'autorité fédérale, et assignés pour prendre spécialement l'intérêt du petit caboteur, qui a rendu d'énormes services sur les deux rives depuis 50 ans, sans oublier son précieux effort durant la dernière guerre, ne serait-il pas formé?

Le tout respectueusement soumis à la Commission Royale
sur le Cabotage au Canada

par: (signé) Capt. Roger Desgagnés
St-Joseph-de-la-Rive,
Co. Charlevoix, P.Q.

le 23 avril 1955.

La Commission Royale est sans doute au courant de l'existence de l'Ecole de Marine de Rimouski et de son travail qui consiste à former des jeunes gens qualifiés pour occuper des postes d'officiers sur nos navires, soit sur le pont ou en qualité d'ingénieurs, ou encore comme radiotélégraphistes.

Fondée depuis déjà treize ans, l'Ecole a contribué à la formation d'au moins 500 élèves, et les autorités présument que cette expérience permet d'exprimer une humble opinion sur quelques questions qui intéressent la Commission.

Il n'y a aucun doute sur le bien-fondé et la nécessité d'une Convention relative à la Marine Marchande de la Communauté Britannique, telle celle du 10 décembre 1931. Cependant, nous croyons et objectons qu'en pratique, l'article II (onze), partie IV, est définitivement trop unilatéral; et que ceci cause un tort très grave au Canada en ce qui concerne: a) l'emploi des marins canadiens; b) la construction de navires chez nous; c) notre commerce; et d) l'Ecole de Marine de Rimouski en particulier.

Il apparaît bien équitable à prime abord que si l'on permet aux navires de la Communauté Britannique de faire du cabotage chez nous, eux doivent en retour faire la même chose et, en théorie, c'est ce qu'ils font. Toutefois, en pratique, la réciproque est à peu près impossible pour le Canada, dû à la position géographique et économique du pays en premier lieu, et du Royaume-Uni en deuxième lieu. En fait, ce sont seulement des navires anglais qui, en très grande partie, prennent avantage de cette situation.

Le Canada est très grand et, avant d'exporter ses produits, il est souvent nécessaire de les faire transporter sur d'assez grandes distances le long des côtes, sur les rivières et sur les Grands Lacs, tandis que tel n'est pas le cas au Royaume-Uni. Le commerce y est purement et directement d'importations ou d'exportations. Alors, en pratique, les navires canadiens ne peuvent faire du cabotage au Royaume-Uni, et même si ce commerce se pratiquait, les navires canadiens ne pourraient compétitionner avantageusement avec les navires anglais, dû aux différences des conditions de logement, salaires, etc.

A cause de ce privilège accordé aux navires britanniques, il existe actuellement au Canada un état de chose déplorable, dans ce sens que ces navires peuvent venir profiter du commerce intérieur canadien, en faisant une compétition déloyale aux nôtres et en ne laissant aucun revenu au Canada.

De plus, il est bien établi que ces navires n'emploient pas de Canadiens, à moins d'urgente nécessité, et qu'avant de partir d'Angleterre, ils s'approvisionnent pour la saison entière en combustible, n'achetant au Canada que le strict nécessaire. Aucune réparation d'importance n'est faite ici, et les salaires, selon l'échelle anglaise, sont approximativement le tiers des canadiens.

Cette situation est directement défavorable au placement des gradués de notre Ecole, puisque ceci diminue le nombre d'unités de la Marine Marchande canadienne et diminue par conséquent le nombre de marins et d'officiers engagés.

En conséquence, nous croyons nécessaire qu'un tel état de chose cesse dans le plus bref délai possible, et tout particulièrement avant l'achèvement de la canalisation du Saint-Laurent. Seuls des navires canadiens, ou des navires avec équipages canadiens et aux salaires canadiens, devraient faire du cabotage entre ports canadiens. Qu'il soit aussi permis d'exprimer l'opinion que pour arriver à ce que les Canadiens profitent pleinement de la présente enquête, il faudrait obliger les navires canadiens à engager de préférence des sujets canadiens, ce qui n'est pas actuellement obligatoire d'après la loi de la Marine Marchande canadienne.

NORTH STAR CEMENT LIMITED

20th April, 1955.

THE EVIDENCE OF NORTH STAR CEMENT LIMITED, OF COOMER BROOK, Nfld
SUBMITTED TO THE ROYAL COMMISSION ON COASTAL TRADING IN OTTAWA.

NORTH STAR CEMENT LIMITED owns and have operated for the last two and a half years, a cement mill located in HUMBERMOUTH, Nfld. The capacity of this mill is approximately 90,000 tons per annum, of which somewhat more than 50,000 tons are consumed within NEWFOUNDLAND, the balance of between 35,000 - 40,000 tons is available for shipment outside the PROVINCE OF NEWFOUNDLAND. If it should not be possible to ship and sell this balance, the alternative is that the Plant would have to be shut down for a corresponding period of the year and staff laid off work.

It has been found that shipments by CANADIAN NATIONAL RAILWAYS via PORT AUX BASQUES and SYDNEY, Nova Scotia, are barely possible; technically, this is due to the limited capacity of the narrow gauge railroad within NEWFOUNDLAND, the limited number of freight cars that have been available and even the limited space aboard CANADIAN NATIONAL RAILWAYS boats across the CABOT STRAIGHTS; economically, this method of shipping is too costly to allow sales of cement at competitive prices, even in places to which our Plant is nearer than that of our CANADIAN competitors.

In these circumstances, it has been found necessary to make shipments to other CANADIAN PROVINCES and to the UNITED STATES by boat for which purpose the Plant is equipped with a special wharf and loading installations.

From experience gained during the last two and a half years, it has been determined that we have to expect a low net price for sales outside NEWFOUNDLAND due to competition of other manufacturers and to the cost of shipping and handling. With very few exceptions, we have been obliged to use BRITISH flagged ships due to the fact that the rates CANADIAN flagged ships have asked and have required, would have made a normal selling routine impossible to consider. We are obliged to meet the price of imported EUROPEAN cement. Even with the use of BRITISH flagged ships, it is only in exceptional circumstances and to isolated locations that we are able to compete in price with other CANADIAN manufacturers; generally speaking, we have in the past been able to sell on the MAINLAND of CANADA only because of insufficiency of local supplies. It should be mentioned that during the past few years, cement originating from the UNITED KINGDOM, BELGIUM, WEST GERMANY, SWEDEN and also from countries behind the so-called "IRON CURTAIN" has been imported into CANADA in considerable quantities. The price of this cement, particularly that imported from "IRON CURTAIN" countries is so low as to make it most difficult for NORTH STAR CEMENT LIMITED to compete, even using BRITISH flagged ships. The difference in price between CANADIAN flagged ships and BRITISH flagged ships would make it absolutely impossible to compete. The major portion of our shipments out of NEWFOUNDLAND have been to the GREAT LAKES area. In only isolated cases, when the seasonal shortage of local cement has been abnormally acute, have we been able to pay the price of CANADIAN flagged LAKE-type ship when we in turn were able and had to charge an extra price for a limited quantity of cement. Otherwise we have used BRITISH flagged ships.

In the event of the CANADA STEAMSHIPS ACT being altered in such a manner as to oblige us to ship by CANADIAN flagged ship, our chances of meeting competition would deteriorate to such an extent as to force us to reduce our production and to eliminate sales outside NEWFOUNDLAND. The general consequences of such action would be:

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1. Our plant would be closed for four to five months per annum and staff laid off work.
2. The cement we are capable of producing and have produced for CANADIAN consumption during the past years would have to be imported from overseas due to the fact that CANADIAN production is not able and will not be able to supply the total CANADIAN requirement for cement.
3. Imported cement would be carried by INTERNATIONAL shipping. No advantage therefore would accrue to CANADIAN flagged ships by the exclusion of our use of BRITISH flagged ships.
4. The transportation of cement is an essential factor in the freight costs between NEWFOUNDLAND and the CANADIAN MAINLAND. The preponderance of traffic is eastbound from the MAINLAND. Without cement, many of the regular carriers trading between NEWFOUNDLAND and the GREAT LAKES would be obliged to return westbound in ballast. The opportunity to carry cement improves the general transportation picture and offers the opportunity to reduce their eastbound freight rates by the shipping companies. This position would alter considerably with the disappearance of potential cement cargoes.

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In making this submission, CANADIAN SHIPPING and Marine Engineering News will not attempt to deal with the purely economic aspects of the matters under investigation, except in general terms. Those will undoubtedly be under detailed scrutiny in other briefs, prepared by groups and persons more directly concerned with such matters, and better qualified to discuss them.

The editors of CANADIAN SHIPPING, believe, however, that certain other aspects of the problem also merit the earnest consideration of the Commission. As a long established agency for collecting, collating and disseminating news of special interest to the marine industries, the publication is in a favorable position to assess and evaluate public attitudes and opinions that have been expressed regarding the problems faced by the shipping and shipbuilding industries.

The publication has, in fact, made special efforts to gain such knowledge by means of independent research. The editors hope that the results of such research and the conclusions they have reached may be of value to this Royal Commission on the Coasting Trade.

One point that has become particularly clear in the course of our own investigations is that a great deal of uninformed opinion has been given public expression. In considering the merits of the many divergent points of view that have been expressed on the subject of coasting trade, this fact should be constantly borne in mind. The value of an opinion is not to be found in the vehemence of its expression, but in the wisdom and experience of those who express it.

Two specific examples of what we might be permitted to call "uninformed public opinion" immediately suggest themselves. Both have been widely publicized but are not, in our opinion, valid because they overlook or even completely ignore important factors with significant bearing on the matter.

The first such example is the charge that restriction of the coasting trade to Canadian-flag vessels would automatically and inevitably raise the cost of living and still further contribute to pricing some of our exports out of the world markets.

This belief is, naturally enough, based on the undisputed fact that operating costs are so much higher for Canadian-flag vessels; it ignores the actual end effects of restriction as they appear in the overall cost-of-living picture. It is an easy error to make: Canadian ship A costs X dollars a day to run; foreign ship B operates at only 0.5X. Therefore, anything carried in A must be subject to twice as high freight rates as in B. This may be nearly enough true but how does it affect the cost-of-living?

Newspapers with special interest in the grain selling business have objected to restrictions in coastal trading and in support of the objections have cited such circumstances as stated in the foregoing paragraph. If, however, the relative costs are traced to their logical conclusion, it is found that the difference in price to the consumer of a loaf of bread works out to approximately one-tenth of a cent.

That conclusion, we feel, puts the matter in its proper perspective.

As for export prices, let us consider steel. The difference there, based on a comparison of freight rates in Canadian-flag and foreign ships, would be in the neighborhood of 50¢ a ton. Such an infinitesimal increase on the part of a Canadian carrier could scarcely be reflected in the cost of any consumer goods for which steel must be used.

Another, perhaps even more widely expressed, fear is that those who propose restrictions in the coasting trade thereby intend to prohibit international trade, particularly on the Great Lakes. It is obviously

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been impossible to refute effectively all expressions in public print and speech of that idea which therefore may be widely accepted and which is likely to be presented before the Commission.

We submit that it is founded on a complete misunderstanding of the objectives of the proponents of restrictions, and that it constitutes another example of alleged "public opinion" without real validity.

It is our considered conclusion that with respect to the subject matter of this enquiry there is in fact no valid "public" opinion in Canada, outside the sphere of those who in one way or another would be directly affected by the outcome. There is no wide-spread understanding of the over-all effects of restrictions, effects which undoubtedly will go far beyond the more immediate ones on shipyards and shipowners.

INTERNATIONAL RELATIONS

In the nature of the matter under enquiry, the international relationship most likely to be affected is that between Canada and the United Kingdom. In existing circumstances it is, in fact, the only one which need be considered. It would therefore appear to be of interest to point out that at least until this time no official opposition has been voiced ^{there} against the proposed restrictions of Canada's coasting trade.

We submit that the absence of such official opposition has a very good fundamental reason in that the coasting trade of this country is something of exclusively domestic interest and that this is recognized, not only in the United Kingdom but in other countries overseas as well. And while the position of such other countries - outside the British Commonwealth - would not change following the introduction of coastal restriction here, there is no doubt that the principle would have been strenuously opposed, had it not already been admitted to be unassailable.

From time to time there have been discussions on all levels of foreign governments and private business of so-called "flag discrimination", that is to say legislative measures taken by a nation to protect its domestically owned and operated ships against foreign competition. At first glance, restrictions affecting such foreign competition in the Canadian coasting trade might be considered to be such "flag discrimination".

It should be noted, however, that in every case where such practice has been deplored, it has been in connection with international trade only.

The International Chamber of Shipping had this to say at the general meeting in 1949:

"There is a distinct undercurrent of opinion in more than one delegation that the definition of flag discrimination SHOULD NOT BE EXTENDED TO INCLUDE THE NATURAL DESIRE OF THE NATIONALS OF EACH COUNTRY TO GIVE FIRST EMPLOYMENT TO THE VESSELS OF THEIR OWN FLAGS". In other words, as a general principle it is proper and permissible for a nation to consider its own needs first, even in international trade.

Four years later, at the general meeting in 1953, the same world-wide organization stated in part, without contradiction on the part of any delegation, that

"WE AGREE THAT, EXCEPT IN COASTAL TRADE WHICH MAY, OF COURSE, BE WHOLLY RESERVED FOR NATIONAL SHIPPING".

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We submit, based on the stands thus taken by the most authoritative international organization on shipping matters, that with respect to the coasting trade in Canada, including that of the Great Lakes, no consideration need be - or, indeed, should be - given to the effects of such restrictions may have on any other nation.

This contention is further upheld by the Organization for European Economic Co-Operation. (While not members of this body, Canada and the United States are active participants in its work.)

In a publication issued in September, 1954, entitled "Maritime Transport", that organization deals at length with the subject of flag discrimination as "a contributing factor to increasing costs and other difficulties in the shipping industries".

Nowhere in its treaty, however, does the O.E.E.C. object to member nations practising such "flag discrimination" in its own territorial waters. In view of the exceedingly strong condemnation of its occurrence in international shipping trade it is, in our opinion, reasonable and permissible to infer that flag discrimination in domestic coasting trade has none of the repulsive characteristics it is accorded from an international point of view.

To enter, briefly, into the economics sphere, we draw attention to one specific observation also made in the above publication, "Maritime Transport".

In dealing with the contribution of maritime transport to the total balance of payments on current account in 1953, a table shows, for Canada, total receipts of \$159,000,000, with expenditures of \$328,000,000 - a net deficit of no less than \$223,000,000.

While those figures, of course, refer to international shipping operations, we submit that they are a clear indication of the importance of the shipping industry generally in the over-all economic picture.

Literally hundreds of Canadian-owned ships are operating in the Great Lakes and on the coasts. They represent immense investments of exclusively Canadian capital; they employ Canadian crews; they provide dependable services which are not affected by fluctuations in other shipping markets; and they provide substantial additions to the national income in the form of taxes, wages and income opportunities in related business undertakings.

We submit that this effect upon the national economy of the shipping industry is of primary concern. It becomes of so much more interest to Canada since a considerable part of the Royal Commission's enquiry will deal with the effects of the St. Lawrence Seaway, a project which is being realized largely through strictly Canadian enterprise and financing.

At present, only about 5 per cent of the Canadian coasting trade is conducted in non-Canadian bottoms. With the advent of the Seaway, and in the absence of restrictions beyond the insignificant ones now in force, there is every indication that the foreign competition will increase, probably to the point where Canadian participation will become only a minor portion of the whole.

An important and undisputed consequence of such an outcome would be a rapid decline in Canadian shipbuilding facilities, as well as in availability of Canadian-owned ships in the event of a national emergency.

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We submit, based on frequently voiced opinions by both Government and expert defense authorities, that such a result would constitute an acute danger to national security. The marine industries, i.e. shipbuilding and ship operating, are frequently referred to as "a fourth arm of defense". With regard to Canada's continued existence as a free and independent nation, public opinion - whether otherwise informed or not - has long since established that no measure, at whatever cost, should be omitted if necessary to ensure it.

In conclusion, this brief may be summarized as follows:

- (1) There is world-wide acceptance of the principle that domestic shipping trade in national territorial waters may be subjected to any restrictions deemed necessary by the individual nation where it takes place. Therefore,
- (2) The coasting trade of Canada, including that of the Great Lakes, is a matter of legal and economic concern to Canada only and should be considered exclusively with regard to its effects in this country;
- (3) expressions of alleged "public" opinion should be minutely examined to ascertain to what extent, if any, they are based on facts, rather than on unsupported surmises.
- (4) In view of the foreseeable effects of the St. Lawrence Seaway, coupled with the importance of allied factors, to Canadian shipowners and shipbuilders, most careful consideration should be given to such effects on Canada's national security requirements, as well as to economic ones; and
- (5) If, as and when there is a divergence of economic and national security interests, the latter should be deemed of overriding importance.

All of which is respectfully submitted.

Toronto, Ont. April 22nd....., 1955.

CANADIAN SHIPPING AND MARINE ENGINEERING NEWS.

(sgd) Harold P. Martin... (sgd) E. L. Arnelson..

Manager

Editor

FURNESS, WITHY & COMPANY LIMITED
Steamship Owners and Agents
Furness House
St. Sacramento Street
MONTREAL

April 21st,
1955.

Mr. G.G. McLeod, Secretary,
Royal Commission on Coasting Trade,
490 Sussex Street,
OTTAWA, Ont.

Sir,

This submission is being made in response to the invitation in your letter of March 21st, 1955.

1. Furness, Withy & Company, Limited, is a British Company incorporated in 1891 under the laws of the United Kingdom of Great Britain and Northern Ireland, having its head office at 56 Leadenhall Street, London, England. Its principal business is shipowning and allied shipping activities.

2. Branch Offices in Canada and Newfoundland were established as follows:

Halifax, N.S.	1896
Montreal, P.Q.	1898
St. John's, Nfld.	1911
Saint John, N.B.	1919
Vancouver, B.C.	1924
Toronto, Ont.	1953

3. We are vitally concerned in Canadian and overseas trading in that we operate eight separate and distinct regular liner services to and from Canada of which six are to and from various ports in the United Kingdom.

4. For the purpose of this submission our remarks will be confined to two of these services, as in addition to catering to overseas trade, these two services are engaged in coastal trading in Canada.

5. The Furness Warren Line has been operating under our ownership since 1912 in the trade between Liverpool, England, St. John's, Nfld., Halifax, N.S. and Boston, Mass., and vice versa. Prior to 1912 the service had been under other ownerships since its inception about 1839. The service is presently maintained by two passenger and cargo vessels, RMS "NOVA SCOTIA" and RMS "NEWFOUNDLAND". The vessels are about 16 knots speed each with passenger accommodation for 150 persons; cargo capacity of about 4700 tons, including 52,930 cubic feet refrigeration space, a large proportion of which is specially designed for the carriage of deep frozen products, especially frozen blueberries and frozen fish, which are exports of great value to Newfoundland in the trade with the United States, and in normal times there is a heavy movement of frozen salmon from Newfoundland to the United Kingdom. These vessels were built in England in 1947 and 1948 respectively, replacing vessels of the same names that were lost by enemy action in World War 2.

This service provides the only regular passenger and cargo service between Newfoundland and the United Kingdom and also between Newfoundland, Halifax and Boston. It is also the only year round passenger service between Halifax and the United Kingdom. Sailings are maintained at approximately 17 days intervals.

Passengers and cargo are carried in the coastal trade between St. John's Nfld. and Halifax and vice versa. Whilst these coastal operations are only a "leg" of the voyage, nevertheless, they form a vital and integral part of the overall operation. Newfoundland and the Maritime Provinces fully recognize the great value of this service, not only in the overseas movement of their passengers and cargo, but also between the Island of Newfoundland, the Maritime Provinces and Boston.

6. The Red Cross Line (now known as the Furness Red Cross Line) passed to our ownership shortly after World War I, having previously been operated by Messrs. Bowring & Company for a considerable number of years - we believe some 50 years. The service operates regularly at about fortnightly intervals between New York, Saint John, N.B., Halifax, N.S. and St. John's, Nfld., and during the open season calls are also made on alternate voyages at Corner Brook, Nfld. The return voyage is from St. John's, Nfld. to Halifax and New York or Corner Brook to New York. It is presently serviced by two British cargo liners, s.s. "FORT AVALON" about 4015 tons deadweight capacity, including 20,165 cubic feet refrigerator space capable of handling deep frozen products, and the s.s. "FORT HAMILTON" of 3162 tons deadweight capacity. It is the only regular liner service between New York, the Maritime Provinces and Newfoundland. Its value to these Provinces is obvious. Here again the coastwise operation is only a "leg" of the voyage, but it is just as vital to the overall operation as is mentioned above in connection with the Furness Warren Line.

7. To the best of our knowledge there are at present no vessels comparable to the RMS "NOVA SCOTIA", RMS "NEWFOUNDLAND" and s.s. "FORT AVALON" under the Canadian flag.

8. Our vessels in these trades are dollar earners for the United Kingdom and consequently assist in providing Canadian dollars with which the United Kingdom is enabled to buy Canadian products.

9. The handling of cargo into and out of our ships at St. John's, Nfld. provides a great deal of employment for the local longshoremen. We are in fact amongst the largest, if not actually the largest, employers of this class of labour in St. John's. Our year round operation at Halifax and Saint John, N.B. also provide valuable employment for the local longshoremen, particularly during the summer season when employment in the shipping industry at these ports is at its lowest ebb. Any curtailment of our activities would create additional employment thus aggravating the situation that is already causing great concern to the Department of Labour of the Federal and Provincial Governments.

10. We have mentioned above that the coastal operation on both services is only a "leg" of the voyage but it is a most important one. It is in fact extremely doubtful that the services could be operated on their present schedules if any action was taken that would debar us from carrying passengers and cargo in the coastal trade. Any curtailment of either service would, in our opinion, have serious effects on the economy of Newfoundland in particular and to a lesser extent on that of the Maritime Provinces.

11. From our point of view we submit that having operated these two services for so long a period of time - some 43 years in the case of Furness Warren Line and some 30 years in the case of the Furness Red Cross Line - that we have "grandfather" rights in these trades which in all fairness should be recognized and not interfered with.

12. In conclusion we therefore beg to suggest -

- (a) That no additional restrictions be placed on the coastal trade between Newfoundland and the Maritime Provinces.
- (b) That if it is decided to impose some additional restriction in this particular trade that our special position be recognized and that we be permitted to continue the operation of United Kingdom built and registered ships in our two services.

Respectfully submitted,

FURNESS, WITHEY & COMPANY, LIMITED.

(Sgd.) E.P. Rees

Director.

FURNESS, WITBY & COMPANY LIMITED
Steamship Owners and Agents
Furness House
St. Sacramento Street
Montreal

April 25th, 1955

Mr. G. G. McLeod, Secretary,
Royal Commission on Coasting Trade,
490 Sussex Street,
Ottawa, Ont.

Sir,

This submission is being made by our Company as General Agents of the Bowater Steamship Company Limited of London, England and its managers of their ships referred to later in this submission, and is in response to the invitation in your letter of March 21st, 1955.

1. The Bowater Steamship Company Limited is the shipowning subsidiary of the Bowater Paper Corporation Limited of London, England who also control the newsprint and pulp mill at Corner Brook, Nfld. operated by the Bowater's Newfoundland Pulp and Paper Mills Limited.

2. The newsprint and pulp mill at Corner Brook has been in operation since 1925, being originally financed by British capital, and was acquired by Bowater's Newfoundland Pulp and Paper Mills Limited in 1938.

3. The Bowater Steamship Company Limited are engaged in the movement of the products of the Corner Brook mill and in the importation of the mill's requirements. Basically, these are -

- (a) The carriage of pulpwood from Labrador and Newfoundland points of origin to Corner Brook.
- (b) The importation of oil, sulphur and other commodities required by the mill for the manufacture of paper and woodpulp.
- (c) The shipment of newsprint and woodpulp to consuming centres which, up to the present, have largely been in the United States of America and United Kingdom. However, it is envisaged that in the near future shipments of these products will be made to the Canadian mainland.

4. When the Corner Brook mill was opened in 1925 two United Kingdom built and registered ships, the s.s. "HUMBER ARM" and s.s. "CORNER BROOK" were built to form a nucleus of the tonnage required to move shipments to and from Corner Brook. These vessels have now been replaced by the s.s. "MARGARET BOWATER" built in the United Kingdom which entered service early this year, and the s.s. "SAM H BOWATER" still building in the United Kingdom and expected to enter service in about October, 1955. It is intended that additional vessels will be built in the United Kingdom within the next few years.

5. It is essential that the shipping requirements of the Corner Brook mill be competitive with other mills in various countries producing similar products. This is just as important in connection with the importation of the mills requirements as

it is in the exportation of the manufactured products. It is therefore most essential that no restrictions be imposed that would further restrict the Company's freedom in securing tonnage to move their requirements or that would in any way restrict the employment of United Kingdom built and registered ships.

6. The mill at Corner Brook and its ancillary operations are large employers of labour which of course is of vital interest to the Province of Newfoundland.

7. We therefore beg to suggest -

- (a) That no additional restrictions be placed on trading between points in Newfoundland or between Newfoundland and the mainland of Canada or vice versa.
- (b) That if additional restrictions are contemplated that the special position of the Bowater Steamship Company Limited be recognized and that they be permitted to continue the use of their own and other Commonwealth built and registered ships in connection with all phases of the business of servicing the requirements of the Corner Brook mill, both import and export.

Respectfully submitted,

BOWATER STEAMSHIP COMPANY, LIMITED,

Furness, Withy & Company, Ltd., As Agents

(sgd.) D.P. Rees
Director

BRIEF TO THE ROYAL COMMISSION ON THE COASTING

TRADE OF CANADA

Mr. Justice W.F. Spence, Chairman,
Mr. W.N. Wickwire, Q.C., Member.
Mr. Marcel Bélanger, Member.
Mr. G.G. McLeod, Secretary.
Mr. Hubert R. Kemp, Assistant Secretary and Economic
Adviser.

Mr. Chairman and Members of the Commission:-

The Maritime Marine Workers' Federation (C.C.L.), representing the majority of organized marine and shipbuilding workers in the Maritime Provinces, welcomes the appointment of your Commission which has been established to inquire into and report upon all questions within the jurisdiction of Parliament arising out of the transportation by water, from one place in Canada to another place in Canada, including the Great Lakes, and upon relevant matters which in the opinion of the Commissioners should be included within the scope of the Inquiry and Report.

The members of our Union are directly concerned with the problems concerning Canada's coastal shipping trade and therefore present the following views to your Commission.

Under existing measures set out in the Canada Shipping Act and the British Commonwealth Merchant Shipping Agreement of 1931, our coastal trade is open to ships built and registered within the Commonwealth; while ships built outside the Commonwealth, but having Commonwealth registry, are subject to a 25% ad valorem duty on the market value of the ship before it is allowed to engage in Canadian coastal trade. These measures are supposedly designed to give all Commonwealth built and registered ships an opportunity of coastal trading in every Commonwealth country.

The extent of Canadian built and registered ships engaged in coastal trading in other countries of the Commonwealth is practically non-existent due to a number of economic disadvantages and the situation works out one-sided in favour of the shipping interests of the United Kingdom.

The proposal being advanced by Canadian shipping and shipbuilding interests, that Canadian coastal trade be restricted to vessels built, owned and operated by Canadians under Canadian registry, is in line with similar restrictions found in other maritime nations, such as the United States, France, Japan and Brazil. We are advised that India is presently considering legislation to restrict coastal shipping to ships built and registered in India.

It is significant that Australia, while a part of the Commonwealth Merchant Shipping Agreement of 1931, has enacted legislation insisting that wages paid Commonwealth crew members engaged in coastal trading in Australia be set at the prevailing rate enjoyed by Australian coastal crews. This at least minimizes the disadvantage of unfair competition by other Commonwealth ships paying lower wages.

Recent trends indicate that a number of Canadian industries, which in the past have maintained private fleets to carry industrial products, natural resources or marketable commodities, such as coal, steel, gypsum, pulp, paper, oil, etc. to Canadian centres and abroad, are now disposing of their Canadian flag ships

by sale or flag transfer and are constructing ship tonnage abroad or chartering ships outside Canadian registry. These companies are not competing in Canadian or foreign shipping in the general cargo carrying business and are not generally affected by changing business conditions experienced in national or international shipping circles. Their shipping is directly related to their business interests and since they mostly profit by exploiting our natural resources or enjoy an established sales market in different regions of Canada, it is only fair to expect such companies to leave a small portion of their profits here in maintaining and operating Canadian built and registered vessels.

Many of the Companies which are now having ship tonnage built abroad or who are transferring their vessels to foreign registry are firms which purchased wartime government built tonnage at a fraction of cost and value. Having obtained permission from the federal government to sell such tonnage abroad at a profit, and later being granted permission to build replacement tonnage in foreign yards, these companies have openly indicated their disregard for the maintenance of a Canadian coastal or deep-sea fleet, and are thus defeating the whole purpose of the government programme, which involved selling wartime built ships to Canadian companies at subsidized cost in order to form the nucleus of a post-war merchant marine fleet.

Some of these companies are also engaged in shipping their products outside Canada, and thus claim the status of deep-sea shippers. We contend that your Commission, while primarily concerned with Canada's coastal shipping, should also review the problem of private fleets being built, registered or chartered abroad and yet the main function of these vessels is to transport goods regularly between Canadian ports, or to and from Canada as a carrier for specific Canadian companies.

It is our contention that legislation restricting Canada's coastal trade to Canadian built and registered ships would also assist the development of our deep-sea fleet and Canadian industries servicing maritime needs.

The investment of many millions of dollars by federal, provincial and civic governments in providing shipping facilities and aids to navigation warrants the fullest possible tax return obtainable by the development of a Canadian owned and operated coastal and deep-sea fleet. Such is not the case under present conditions. Private investment in ship building and repairing also cannot continue to be overlooked in the situation currently found in Canada's coasting regulations.

With regard to the question of subsidies or other general assistance provided to either coastal or deep-sea shipping, it is the position of this union that at all times such subsidies or assistance be conditional upon the shipping interests building and repairing their ships in Canada and operating them under Canadian registry. Where the need can be shown, we favour a policy of government aid to both coastal and deep sea shipping.

In order to encourage coastal shipping, particularly on the east coast of Canada, this Union has advocated for a number of years the need for the building of the Chignecto Canal, and since organized labour across Canada practically unanimously supported the building of the St. Lawrence Seaway, even though its effect may be detrimental to certain regions of the country, we feel that proportionate development in public works, especially maritime facilities, should be undertaken by the federal government particularly in those parts of the country which will be

adversely affected by the Seaway. Latest engineering reports indicate the construction of the Chignecto Canal is warranted for its hydro-electric potentiality, along with it being a maritime facility which will greatly encourage water transport of agricultural, fisheries, forest and mineral resources of the Maritime Provinces.

The proposal being supported by this union that Canada's coastal shipping be restricted to vessels that are Canadian built and operated has been advanced by other maritime interests. The Canadian Shipbuilding and Ship Repairing Association included this view in a brief presented to the federal government in 1944. The section of the brief dealing with the need of restricting our coastal shipping to Canadian vessels concludes with the following paragraph, which we are reprinting here for emphasis:-

"Based on the experience gained in past years, it can be conclusively stated that unless a modicum of domestic shipbuilding is provided, by the means suggested, to maintain skilled shipyard personnel and upkeep of the yards in post-war years, these facilities will deteriorate in value and efficiency and the carrying out of vital repair-work, economically and expeditiously, will be seriously prejudiced. It should be further noted that engineers for Canadian ships are drawn from men who have served their time in the shipyards. Unless young Canadians are provided with the means of such training, there will be little incentive to embark upon such a career."

The situation today is unchanged from 1944 insofar as the prospects of continued healthy shipbuilding and coastal and deep-sea shipping are concerned. Even though legislation is enacted restricting Canada's coastal shipping to Canadian built and registered vessels, the shipbuilding industry will still face many uncertainties but will undoubtedly benefit in a small measure as a result of such legislation. This, however, is not the primary reason why we advocate such restrictions, as it is our contention that it is in the national interest of Canada and in the future development of one of her basic industries -- shipping, that the flow of Canada's goods not be dependent on foreign carriers.

This Union would welcome the opportunity of appearing before your Commission and elaborating on the points mentioned above, particularly on the recent trend of carriers for specific companies being built abroad in foreign shipyards and Canadian tonnage being replaced by foreign flags, either under charter or by foreign owned subsidiaries of Canadian concerns.

Respectfully submitted,

J.K. Bell,
Secretary-Treasurer,
MARITIME MARINE WORKERS' FEDERATION (C.C.L.)

April 20th, 1955.

IN THE MATTER OF THE ROYAL COMMISSION SET UP TO
INQUIRE INTO THE COASTAL SHIPPING TRADE

S U B M I T T E D B Y

Industrial Union of Marine & Shipbuilding Workers of
Canada, Local No. 3, Saint John, N.B.

International Association of Machinists,
Local No. 482, Saint John, N.B.

United Brotherhood of Carpenters & Joiners of America,
Local No. 340, Saint John, N.B.

International Brotherhood of Electrical Workers,
Local No. 502, Saint John, N.B.

United Association of Journeymen and Apprentices
of Plumbing and Pipefitting Industry of United
States and Canada,
Local No. 213, Saint John, N.B.

Mr. Chairman and Members of the Commission:-

During the second World War, the Saint John Dry Dock constructed corvettes and cargo ships for the Government. Since the end of hostilities when the contracts were completed, our contracts have been confined to the building of scows, dredges, Horton Tugs and refit jobs which have been received from the Department of National Defence. Lack of shipbuilding contracts has caused our shipbuilding facilities to deteriorate to a certain extent, so you can readily see what the cost would be and also the factor of time lost if we were called upon to build ships for the Government in case hostilities should break out again.

Therefore, it is vital to the security and economy of our country to remedy this situation. We feel that if the Coastal Shipping Act were changed so that only Canadian companies could carry on this business, and that they have any ships to be replaced constructed in Canada, also ship repairs, it would greatly help to alleviate the situation in regards to lack of orders which our yards now face.

When the "Park" ships were sold to private companies at a fraction of their cost, the companies were instructed that if they in turn sold these vessels, the money was to be placed in escrow for ships to be constructed in Canadian yards. We in the shipbuilding industry thought that this would help to relieve the lack of orders for construction in Canadian yards. Our optimism was short-lived, as the Government soon released the shipping companies from this obligation. This was a setback to our yards as it had been expected that they would share in this business of replacing ships which had been sold to other firms in other countries.

It was not a very cheerful situation to find that companies were allowed to use money, which we had helped to contribute for the construction of these "Park" vessels, to build ships in foreign countries whose employees work for a great deal less than Canadian workers and whose standard of living is a great deal lower than ours. We are sure that no self-respecting Canadian would ask us to lower our wages and standard of living in order to compete with these countries.

Tariffs are placed on most goods coming into Canada, which is a help to industry in this country. Why not have the

shipbuilding industries treated the same way? This would result in shipyards being ready at small cost, and in some cases at no cost at all to our Government, in case another war should break out.

After the second World War a large number of our employees obtained work in other industries when work became slack due to lack of orders. By getting a few orders from the Government to reconvert naval ships, we were able again to build our working force to a highly skilled force in this trade. However, now unless we have some form of protection against foreign shipyards, we will again be faced with the same situation as happened after the Second World War. We feel that if the Coastal Shipping Act were changed, it would help to alleviate this situation.

We have cases in this section of the country where companies are having ships built in foreign countries to transport goods from the United States to sell to our own citizens. What company would not pay 25% of the cost of a vessel to obtain business, when they could save this amount and much more by having their vessel constructed in a foreign yard; also by having their repairs done if they were registered under a foreign flag.

The United States denies Canada the right to sell secondhand tonnage to American operators for use in coastal shipping trade, so why shouldn't our Government treat the United States shipping trade the same way?

The United Kingdom is favored by our Coastal Shipping Act, as operating costs are much lower in respect to wages and conditions enjoyed by crew members. This does not help the people of Canada, as they would likely have to send to the United Kingdom to purchase any goods they wanted in order to get the value for their money.

When the St. Lawrence Seaway is completed, there is the possibility of a great increase in coastal shipping, so now is the time to look into the changing of the Act so as to protect the shipping interests of our country, which would be of great benefit to the Canadian Labour force who earn their living from this source.

Why not give the coastal shipping trade the same benefits as enjoyed by other transport bodies, such as railways, airlines, etc.? We could readily foresee what the reaction of the Canadian public would be if one of the large railways from the United States started constructing a line in Canada in direct competition with the Canadian National or Canadian Pacific. You have only to look at the Canadian Pacific Airlines trying to set up services to different parts of the country. What would the reaction be if a foreign airline was to set up services?

We in this part of the country are dependent on shipping to a great extent to earn our livelihood; so therefore it is very urgent to our citizens to have the Coastal Shipping Act changed so that we may continue to earn our living.

We also have a number of small islands off the coast of New Brunswick which have very little service with regard to ships calling at these islands. We feel that the Government of our country could help alleviate this situation by helping to establish some kind of service to these islands, which would benefit the inhabitants by enabling them to get their products to market and thus improve their standard of living.

In closing, we wish to thank the Commission for their interest in our welfare, and strongly hope that they may see their way clear to recommend to our Government some way that will help to alleviate the conditions in our industry.

April 20th, 1955

BOATERS' NEWFOUNDLAND PULP AND PAPER MILLS LIMITED

April 25th, 1955.

Mr. G.G. McLeod,
 Royal Commission on Coasting Trade,
 490 Sussex Street,
 OTTAWA, ONTARIO.

Sir, Royal Commission on Coastal Shipping

As a company whose existence depends on seaborne trade, we are directly and seriously affected by any changes which are made in the maritime laws of Canada. I would submit that no changes should be allowed which would have the effect of limiting full freedom of action, for this Company and others similarly placed, in the field of shipping.

The annual waterborne trade of this Company amounts to approximately the following tonnages -

a) Exports from Newfoundlandi) Pulp and Paper

To the U.S. Atlantic and Gulf seaboards	- 230,000 tons
To the Great Lakes	50,000 "
To Great Britain	60,000 "
To South Africa, Australia, etc.	<u>10,000 "</u>

350,000 tons

ii) Pulpwood

To Great Britain	- <u>200,000 "</u>
	<u>550,000 tons</u>

b) Imports to Newfoundland

Oil, from South America	- 90,000 tons
Sulphur, from Texas	- 11,000 "
Chemicals, from St. Lawrence ports and/or Great Britain	- 2,000 "
Wrappers, from St. Lawrence ports	- 4,500 "
Coal, from the Great Lakes	- 20,000 "
General, from Canadian & U.S. ports	- <u>4,500 "</u>

132,000 tonsc) Coastwise in Newfoundland

Pulpwood	- 450,000 tons
General	- <u>5,000 "</u>

455,000 tons

Thus well over a million tons of commodities move by sea annually, and the ocean freight bill involved may amount to some \$7,000,000 in an average year.

At present the export trade in paper moves partly in Canadian-flag vessels, and partly in British-flag vessels. Among the latter are ships owned and operated by another subsidiary of our parent company. The trade in export pulp and pulpwood moves largely in Scandinavian vessels, but it is expected that our associated company will start shortly to carry a proportion of this tonnage. The coastal movement of pulpwood round Newfoundland is an all-Canadian trade.

It can thus be seen that the Canadian shipping industry at present handles nearly one half of our total tonnage, with the balance divided between British and Scandinavian ships. The policy of the Company is, and always must be, to find the most economical method of delivery for each particular trade. The Canadian paper industry as a whole is gravely concerned at the steadily increasing trend of costs, while at the same time it can see the rapidly-growing competitor industry in the United States enjoying an advantage in costs of many dollars per ton. A large part of this advantage is due to their lower transportation costs both for raw materials and for deliveries. Any trend to weaken still further its competitive position must be deplored.

A control over the Coastal Shipping Trade, whether for Canada alone, or for Canada and the U.S. in conjunction, would lead to inflexibility, and so to higher costs both for imports and for delivery of the finished product. In Newfoundland we are particularly vulnerable, and must be able to link our whole ocean trade into a coordinated movement to obtain the lowest overall cost. A restriction on which ships could be used for certain trades would be a most serious handicap.

We appreciate fully the problems of the Canadian shipping industry, and we are anxious to see it return to its former prosperity. I submit, however, that the strongest opposition should be made to any proposal which assists the shipping industry only at the expense of another Canadian industry, making that in its turn increasingly less able to compete in the United States and world markets.

Respectfully submitted,

Signed - H.M. SPENCER LEWIN,
First Vice President and
Chief Executive Officer.

THE WILLIAM KENNEDY & SONS LIMITED

Owen Sound Ontario

April 20, 1955.

G. G. McLeod, Secretary,
Royal Commission on Coasting Trade,
490 Sussex Street,
OTTAWA, Canada.

Dear Sirs:

This submission is entered in support of the general submission of The Canadian Shipbuilding and Ship Repairing Association in its recommendations that measures be taken to assure the continuation of a strong Canadian Shipbuilding and Ship Repairing Industry. As a supplier to the industry our brief is designed to specifically corroborate that portion of their brief which sets forth the importance of business placed with manufacturers of ships components and services.

Our firm is the sole Canadian manufacturer of two highly specialized products for large ships (2,000 tons and over).

(a) Propellers in cast iron, steel and high strength bronze.

(b) Bronze tail shaft liners and stern tube bushings

During world War 2, the Canadian Government saw fit to spend a substantial sum to provide buildings and equipment to manufacture these items on the large scale required for the wartime shipbuilding programmes. At the termination of the war, these facilities were purchased by us, and for several years thereafter there was considerable business of this sort, but this has gradually dwindled as the following figures will show.

If construction of new ships in Canada could be maintained on the scale which prevailed during 1947 - 48 - 49, we would expect to receive orders from the industry for these products to an annual amount of \$ 700,000 for new construction alone. This volume would provide employment in our works for 55 people to an amount of approximately \$ 150,000 in wages.

As against this our current annual sales of these items to the industry for the merchant marine do not exceed \$ 190,000.00. In view of this, serious consideration is being given to the economic advisability of abandoning these lines of endeavour and using the floor space for other more profitable products.

If this is done, Canada will lose in a very short time the experience and technical know-how which are an essential part of the production of highly specialized items such as these. Such experience is only acquired after many years. For example, our Propeller manufacturing records go back to 1876.

In addition to the above, we also supply the following to the industry:-

(1) Steel castings.

(2) a) Emergency engine equipment and repairs to vessels which call into the port of Owen Sound.

b) Miscellaneous repairs to vessels which winter in the harbour.

During the period 1947 -1949, our shipment of steel castings to the shipbuilding industry averaged about 300 tons per year compared with shipments of about 90 tons in 1954. At present day prices, this represents a loss of approximately \$ 126,000 worth of business annually.

The amount of work represented in 2 (a) is dependant entirely on the use made of the Port of Owen Sound, but referring to 2 (b) it is felt that if foreign ships are permitted to do coast-wise trading on the lakes, they will not winter there, but would seek winter employment elsewhere, and probably refit in countries where labour rates are much less than ours.

Thus in addition to benefits which would accrue to us from new construction a healthy Canadian merchant marine would produce an annual important additional volume of replacement business in such items as propellers and liners.

We should also like to point out that Canadian prices on these products are highly competitive by reason of the 99% duty drawback permitted on articles for new ship construction.

The above figures will indicate to you that this type of business has already ceased to be an important factor to us, and in order to maintain our position it has been necessary to develop along other lines.

Traditionally a substantial number of Owen Sounders have found employment on the ships which ply our lake and river system. A similar situation has prevailed with neighbouring lake ports such as Port Elgin, Southampton, Wiarton, Meaford, Thornbury, Collingwood, etc.

We are asking the local Chamber of Commerce to file a brief which will set forth the importance of such earnings to such communities.

Yours respectfully,

THE WILLIAM KENNEDY & SONS LTD.

C. A. Eberle,
General Manager

BRIEF SUBMITTED BY:

ANTICOSTI SHIPPING COMPANY
1615 Sun Life Building
Montreal
April 27th, 1955.

To:
The Chairman,
Royal Commission on Coasting Trade,
Ottawa, Ont.

Dear Sir:

Order in Council - P.C. 1955-308

In response to the request for submissions on the above subject, we are outlining our position in this matter:-

1. As a wholly-owned subsidiary of Consolidated Paper Corporation Ltd., one of the largest producers of newsprint in Canada, we are charged with the responsibility of providing:-
 - (a) Adequate passenger and freight service, by ship, for the conduct of bush and village operations on Anticosti Island, where the Corporation cuts 50,000 cords of pulpwood per annum, or more. Prospects are that this quantity is likely to increase, involving a greater movement of passengers, freight and equipment.
 - (b) Satisfactory means of transporting by ship:-
 - (1) 50,000 or more cords of pulpwood, cut each year, on Anticosti.
 - (2) 75,000 or more cords of pulpwood cut each year, in the Riviere Portneuf district (below the Saguenay).
 - (3) 50,000 or more cords of pulpwood, cut each year, at Les Escoumains, (below the Saguenay).
 - (4) Any additional pulpwood shipments, by water, required by the Corporation.

Destination of all this wood is distributed between three of our five newsprint mills, located on tidewater at Port Alfred, Three Rivers and Cap de la Madeleine, in the Province of Quebec.

From the above outline, it will be seen that we have a definite and continuing interest in the situation which your Commission is authorized to investigate.

2. Our past and current needs have been taken care of as follows:-

(a) For Anticosti Island passenger and freight service, we own and operate one ship (coastal type - M/V Fleurus - 1120 gross tons) for Quebec/Anticosti service, and a smaller ship (M/V Felice) for Anticosti Island/Gaspe service.

In the event of serious damage to or loss of these ships, we should be faced with immediate replacement. It is doubtful if the present pool of Canadian ships could fill these urgent requirements.

(b) For our Portneuf shipments, we own and operate a fleet of four converted L.S.M.'s - with low draft required at loading point. There is nothing available in Canada to replace one or all of these.

(c) For our Anticosti and Escoumains shipments, we now charter from five to seven canallers, as, at both loading points, we are limited to medium/shallow draft ships of good capacity. As the majority of available suitable canallers are from 35 to 50 years old, and mainly obsolete and uneconomical to operate, we do

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not believe that we can rely, in the foreseeable future, on replacement from the Canadian pool of ships.

3. From the above, it will be seen that, in our opinion, the present fleet of available Canadian ships is not capable of providing replacements for our services, and that the present Coasting Trade regulations should remain in force. This is not a question of Canadian policy, but of actual requirements and conditions. It will be appreciated that all of the operations outlined above are of a continuing nature, and cannot be interrupted, due to the seasonal type of the operations, and that the needs of Consolidated Paper Corporation for an uninterrupted flow of pulpwood to their mills for the manufacture of newsprint, at the most economical cost, is essential.
4. We shall be glad to supply additional information, if desired.

Yours very truly,

AMTICOSTI SHIPPING COMPANY

(sgd) C. G. Savage

CGS:LM

C.G. Savage
Manager.

Brief to be presented to the Royal Commission on the
Coasting Trade of Canada.

Subject:

BETTER STEAMER SERVICE FOR THE WEST COAST OF VANCOUVER ISLAND

By George Nicholson

.....

To The Secretary,
Royal Commission on Coasting Trade
Ottawa

2519 Vancouver St.
Victoria, B.C.
April 26th.1955

Dear Sir,

I respectfully submit for the consideration of your Commissioners, the reasons why the existing steamer service on the west coast of Vancouver Island is considered by the majority of the people living in that area, inadequate for its present and future requirements.

At the outset I wish to make clear that I know little about the cost of operating ships, or the problems related thereto; nor anything about mail contracts and government subsidies. But after 30 years a resident and in business at different points on the west coast of Vancouver Island, I consider myself competent to review the situation from the viewpoint of the west coast people.

I might further add that the observations contained herein are not based merely on hearsay, for not only was I closely associated with its transportation facilities, but during that period I personally made at least 150 trips on the west coast steamer as a passenger and saw much which I speak of with my own eyes. Also since leaving the district 5 years ago I have not only retained my old associations, but been kept reliably informed from time to time on local conditions and of changes that have taken place.

1. For over 70 years the area has been served by C.P.R. steamers; two of them, the Princess Maquinna and Princess Norah, being specially designed and built for that trade. The Norah never actually took over the run, other than temporarily during the Maquinna's periodical overhauls, and occasionally doubled-up during the peak of the tourist season.
2. The Maquinna maintained the run for 40 years. She was a vessel of 1776 tons; with stateroom accommodation for 174, licenced to carry additional day passengers and carried about 1500 tons of freight. The Norah's passenger and cargo capacity was approximately the same.
3. In 1953 the Maquinna was withdrawn from the service because of old age and it is admitted that her owners had consistently not found that she was no longer paying her way. She was replaced by the Princess of Alberni, of 237 tons, with sleeping accommodation for 8 (in two staterooms) and 20 day passengers. The Norah is now engaged on the northern B.C. run under the joint management of the C.P.R. and C.N.R.
4. The Maquinna made the round trip every 10 days, making approximately 20 calls both northbound and southbound. The Princess of Alberni makes the same calls northbound, but only 2 southbound.
5. For the first 15 years after being commissioned the Maquinna had the entire west coast trade practically to herself. There were canneries, dry salteries and fish-buying camps on nearly every inlet and she carried all their supplies in and most of their products out. In addition to logging camps, mines and the settlements. Up

till 1946 she also serviced all ports on Quatsino Sound, but after losing the contract for hauling the pulp from Port Alice discontinued that leg and Chamiss Bay was made the terminus of the run and still is.

6. In 1925 a phenomenal run of pilchards occurred and within 3 years 20 reduction plants were built along the west coast; each employed a fleet of fishing boats and about 60 men ashore. They operated for about 5 months every summer until 1940 when the fish mysteriously disappeared and hav'nt returned since. Meanwhile the plants have been dismantled, but during that period the Maquinna couldn't begin to handle either the supplies to be taken in, or the meal and oil brought out. To cope with the trade the C.P.R. put its freighter Mootka on the run and the Waterhouse Steamship Company several of its freighters.

7. Between 1936 and 1945 the Zeballos gold mines were in operation. This town of about 1200 literally sprang up overnight and its freight and passengers gave the Maquinna quite a lift, with the Waterhouse firm being taking in construction material and machinery in addition. During the same period an export mill was built at Laisis. This town now has a population of 300 and is the Princess of Alberni's principal stopping place.

Muchalat Arna has only recently been added to her (the Princess of Alberni) scheduled stopping places and more freight is being taken in every trip. This in a very few years will likely become another town. At present it is a big logging camp, but a mill is a certainty and possibly a pulp mill.

8. Up till about 1940, practically all the salmon canned on the west coast was processed in local canneries; but by now the principal fishing companies found it more economical to carry the fish to central canneries on the mainland (Vancouver and the Fraser River) and built large fishpackers expressly for the purpose. But instead of having them return light, they employed them to carry the supplies for the fish boats and the company-operated stores and fish-buying came up-coast, and have done so ever since. Except for the pilchards, there are still just as many fish in the sea, just as many caught every year, if not more, and more and bigger boats fishing.

Loss of this freight, which was formerly all carried by the Maquinna, was a considerable blow to the C.P.R. and is considered largely attributal to her being replaced by a smaller vessel.

9. As the lumber industry on the west coast is definitely on the increase and this will continue now that forest management licences have been granted to certain big companies; to a large extent the logging camps and mills are now providing much of the tonnage lost to the fishpackers.

But except for groceries, general merchandise and the household effects of employees, much of their freight is too heavy or bulky for the Princess of Alberni. With the result that this type of cargo now has to be brought in by Waterhouse Company freighters, which only make infrequent trips up the west coast and then only when sufficient freight accumulates to justify them being re-routed from their regular trade. This causes considerable delay when heavy equipment and building material is urgently needed.

10. The recently installed military installations at Long Beach and Tofino also require considerable shipments of heavy equipment and material for construction work, and this too has all to be brought in by other ships.

11. As the Maquinna handled practically every type of freight (except explosives), it seems logical that if a larger boat than the Princess of Alberni was on the regular west coast run, a great

deal of this unnecessary duplication of services could be avoided and the run made more profitable for her owners.

12. You will be told that by the end of 1956 access roads will be built to Port Renfrew and Tofino and a few years afterwards to Muchalat Arm. And that a considerable portion of the freight now carried by steamer will then be brought in by truck.

This might be so, but not to the extent that you will be led to believe. Perishables, express and urgent supplies will probably be taken in by truck, and some of the general freight. But only to points which the roads will serve and where the hauls are comparatively short (Alberni to Tofino for instance). But where the freight originates at (say) Vancouver or Victoria, where the bulk of it does, it is hardly likely that truck rates could ever compete favourably with those of the steamer.

13. And what of the communities beyond these road ends? They will still have to be served by boat (small boat feeder service from the road end), which will necessitate two separate freight charges, plus additional handling charges at the transfer point. Also, it is a well known fact that all freight suffers considerably when handled several times in transit; especially in those days when flour, sugar and practically everything else is packed in paper bags or cartons. The annual rainfall in this area averages 100 inches, a factor which must also be taken into account when handling goods without the facilities of sheds and transferring it to small boats.

14. For the above reasons the bulk of the freight for points reached by road and practically everything (except perishables, express etc.) for the points in between roads, will in my opinion, continue to be brought in by steamer - regardless of the roads.

15. Owing to the west coast trip being so popular during the summer months, half the Maquinna's staterooms were reserved for round-trippers and booked out months ahead.

The balance of her passenger accommodation was reserved for the west coast people; who up till the time of the Zeballos gold rush in 1937, when air service on the west coast was first introduced, had no other alternative but to travel by steamer. But it was years later before air travel became popular enough to seriously effect the number travelling by steamer.

16. Not until about 1945; by which time the Zeballos mines had closed down, the pilchard industry folded up and the fishing companies commenced carrying their supplies both ways in their own fishpackers, was there any appreciable decline in either the number of passengers or the amount of freight carried by the Maquinna, or her sister ship the Norah.

Prior to then it was often impossible to obtain a stateroom either northbound or southbound. And months after fishing closed found the Maquinna still bringing the pack out from the canneries and reduction plants, and taking supplies in for the next season. Also always with a good load of pulp from Port Alice.

17. It may be said that during this 25 year period prior to the decline in freight and passenger traffic due to the road building; except for a few slack months in the late winter or early spring when the fish plants were closed down, the Maquinna usually sailed from Vancouver and Victoria with her holds full. Returned with a full load of pulp and fish products and her passenger accommodation taxed to the limit, both ways.

18. It would be hard to convince the older residents of the west coast that from the time she was first commissioned in 1913, till at least 1945, the Maquinna didn't pay for herself several times over, in addition to handsome dividends. Could't her owners take

this into account and give those who contributed to her earnings, a better service than is being provided today.

19. For years prior to the Maquinna being withdrawn it was known that her days were numbered. It was her boilers that gave out, not her hull, and every year when undergoing overhaul the steamship inspector consistently ordered her steam pressure cut. She originally made 14 knots but now could only make 9. Actually, she was lying at her dock in Victoria, with passengers aboard, cargo loaded and about ready to sail when her boilers finally gave out. She never sailed again under her own power and her hull is now used as a barge carrying ore from a mine in the north.
20. Even at that time she was carrying on an average at least five times as many passengers and twice the amount of freight her successor is capable of handling; in addition to about 75 round-trip tourists every sailing during the summer months.
Admittedly this was not sufficient to operate her profitably the year round; but the west coast people appear to have justifiable cause of complaint in the fact that knowing all these years she would eventually have to be withdrawn, her owners don't appear to have taken any definite steps to replace her with a more suitable ship. Say, one at least half the size, with accommodation for at least 50 passengers, handling facilities for all types of freight and more economical to operate.
21. That the C.P.R. apparently had no definite plans for replacing her, is borne out by the fact that when they finally had to, they had to hurriedly charter an ex-fishpacker (the Veta C) to take her place. This vessel pinch-hitted for about 6 months till they finally found the M.V. Pomare lying in mothballs down in Mexico. She was brought to Canada and re-named the Princess of Alberni. She and the Veta C were sister ships, both surplus United States Army tenders. The Veta C subsequently foundered with all hands off the northern B.C. coast. Many who sailed on her as a fishpacker said she was unseaworthy.
22. With further reference to passenger travel. Throughout this summary I have referred to the time when the people of the west coast had no other alternative but to travel by steamer, and to the years when the Maquinna's accommodation was often taxed to the limit. Admittedly the majority of these same people now patronise the air service; but only because they have to.
We are led to believe that everyone now prefers to travel by air. If that were so; why does the C.P.R. still run passenger ships between Victoria, Seattle and Vancouver; or 10 trips daily between Nanaimo and Vancouver? For they don't all have cars. And we might even go further and ask why the C.P.R. and C.N.R. trans-continental trains still run.
23. The people of the west coast are no different from anyone else and it is only fair to assume that if adequate steamer accommodation was available, many would still prefer to travel that way than by plane. The simple truth is that passenger accommodation on the present steamer is practically nil and they have no choice.
It is also pointed out that the wheel-planes that fly between the larger cities are not only larger, but far more comfortable than the smaller pontoon-equipped planes and flying boats used on the west coast. Also that steamer fares are cheaper, which is an important factor especially when whole families are travelling.
24. It is common knowledge that the C.P.R. has given serious consideration to making Port Alberni the southern terminus of the run, instead of Victoria. This would help the communities further up (beyond Tofino) somewhat, by giving them a weekly service instead of a boat every ten days. But it won't alleviate the passenger accommodation problem.

Neither will it overcome the necessity of the industries on the west coast having to bring in practically all of their heavy equipment and machinery by freighters of another company. This type of freight is considerable and as it mostly originates from Vancouver, if the regular west coast steamer was large enough to handle it, it would to a great extent off-set what always has been, the unprofitable leg between Victoria and Barkley Sound.

25. We are in agreement with the C.P.R. that it doesn't pay to operate a ship with passenger accomodation for 150 - and with a crew to match - with its staterooms half empty for the greater part of the year. And for that reason, although we would like it, we cannot expect another ship with the accomodation the Maquinna and Norah had. Tourists will no longer be able to make the trip on a smaller boat and must wait till such time as some shipping company can see its way clear to provide a vessel solely for their benefit.
26. Those who insist that the present service is adequate, will likely emphasise that when the roads go through there will be less business still for the steamer. This might be so if a road was built paralleling the entire west coast and taking in all the settlements. But this can never happen. This might sound like a tall statement, but perusal of the accompanying map discloses that they will only touch three west coast points:- Port Renfrew, the Ucluellet - Tofino area and the head of Muchalat Arm; with geographical obstacles preventing them from ever being extended any further. (the proposed roads are shown in dotted red lines).
27. It is in between these points that many of the existing (and some of the largest) communities lie and where others will undoubtedly spring up under the forest management plan. These are the places that are now solely dependant on the steamer and always will be. They might be served by small boat feeder service from the nearest road end, but for the reasons already stated (see paragraph 13) are not likely to get any appreciable amount of freight in this way. Neither is it likely that many of the residents of these points will travel in and out by road, especially where the distance from the road end is considerable and will entail an uncomfortable journey in a small boat.
28. But now that the forest management licences have been granted, and although the roads will only directly serve certain areas; the economy of the entire west coast of the island is bound to expand, and the overall population (now approximately 5000) could well double itself within a very few years.
29. The west coast of Vancouver Island has been settled over a great number of years and is rich in the nation's natural resources, chiefly fish, lumber and minerals. Within recent years air service has been introduced and roads will very soon serve certain parts; but as I have endeavoured to point out, the area as a whole is still and always will be mainly dependant on water transportation.
30. I have also tried to point out that the service now provided by the M.V. Princess of Alberni, is neither adequate for the area's present requirements or capable of taking care of the increased traffic that is bound to result from the building of the roads and the granting of forest management licences.
31. Relying for the most part on memory and not having access to the shipping company's files, I have probably made a few errors in dates, tonnages etc.; but not sufficient to be disputed to any appreciable extent.
32. In preparing this summary I have purposely said little about that section of the coast between Victoria and Cape Beale, which with the exception of Port Renfrew has little traffic for the

steamer. Nor Barkley Sound, where a limited service provided by the Barkley Sound Transportation Company takes care of the local domestic trade and has done so for the past 25 years. Neither have I elaborated on Quatsino Sound, except to mention that up until 1946 the Maquinna handled this trade, but lost it to the Waterhouse Company steamers.

33. But in presenting these submissions I respectfully submit that perhaps the best method of taking under advisement the question as to whether the claims submitted for better steamer facilities are justified or not; would be to consider the situation and problems related thereto from the viewpoint of the west coast of Vancouver Island as a whole.

34. And if I may be permitted to do so, I would respectfully suggest that your Commissioners consider the feasibility of an arrangement being agreed between the Canadian government and the shipping companies immediately concerned, whereby:

1. The C.P.R. build a combination passenger and freight steamer specially for the run and resume the Maquinna's schedule (approximately), between Vancouver and either Quatsino Sound or Chemise Bay.

Or that:

2. The C.P.R. and Union Steamship Company (successors to the Waterhouse Company) jointly operate a suitable ship between Vancouver and Port Alice (the Maquinna's original run).

With the following proviso :-

That in either case and if considered necessary, with the assistance of a government subsidy. Provided that such vessel has stateroom accomodation for at least 50 passengers (or a number to be determined by the Transport Board) and with facilities for handling all types of cargo.

All of which is respectfully submitted, mainly on behalf of the residents and industries in the unorganised areas of the west coast of Vancouver Island; who always have been and in my humble opinion always will be, largely dependant on steamer transportation.

Yours respectfully,

(George Nicholson)

(BRIEF SUBMITTED BY -

MINISTER OF AGRICULTURE

Regina, Saskatchewan,
April 22, 1955.

Royal Commission on Coasting Trade,
490 Sussex Street,
Ottawa, Canada.

Gentlemen:

In accordance with a public notice submissions are invited in connection with an inquiry being made by your Commission on transportation by water, and upon relevant matters.

The Federal Navigable Waters Protection Act (1909) states that "No work be built in any navigable water unless the site thereof has been approved by the Governor in Council, nor unless such work is built in accordance with plans approved by the Governor in Council".

The words "navigable waters" are not defined. The Act makes no exceptions with the result that works built in creek beds, where the water runs for only a short period each year, are required to be submitted for approval. The Act is in many respects, unrealistic when applied to the majority of streams in Saskatchewan.

Thousands of dams and weirs have been built in Saskatchewan and many more thousands will be built, in small water courses without reference to the Administrators of the Act. There is no provision to protect in these areas. Actually the Act is being ignored in these cases, as it would be impractical to refer every small project for approval.

We believe this could be corrected by an amendment to the Act which would permit exception of certain streams and watersheds.

We, therefore, respectfully suggest that consideration be given to recommending the amendment of the Navigable Waters Protection Act by adding a new section to Part I as follows:

"The Governor in Council, when it is shown to his satisfaction that the public interest would not be injuriously affected thereby, may from time to time, by proclamation published in the Canada Gazette, declare any of such rivers, streams, waters or watersheds, or in part, to be excepted from the operation of this Part I."

Respectfully submitted, on behalf of the Province of Saskatchewan.

(sgd) I.C. Mollet

Minister of Agriculture.

BRIEF SUBMITTED BY:

SUN STEAMSHIPS LIMITED
Twenty Second Floor, 25 King Street West
Toronto 1, Ontario

April 26, 1955.

Royal Commission on Coasting Trade,
490 Sussex Street,
Ottawa, Ontario.

Attention of G.G. McLeod, Esq., Secretary

Dear Sirs:

This company is the owner of a new 12,700 DWT deep-sea dry cargo vessel, specially designed for the carriage of alumina in bulk, which was built in Canada last year and is registered in the United Kingdom. Construction of this vessel was undertaken pursuant to a contract for its use on a long term basis by Saguenay Terminals Limited, the shipping subsidiary of the Aluminum Company of Canada.

The contract between this company and Saguenay Terminals Limited permits the latter to operate the vessel in all coastal waters. Of first importance in this trading range are, of course, all the trades in which alumina in bulk does and will be expected to move, including a movement from the alumina plants in Eastern Canada to the aluminum smelter at Montreal, P.Q., which is a Canadian intercoastal, but deep-sea operation.

We would be opposed to any restriction which would prevent the use of our ship by our charterers, Saguenay Terminals Limited, in this very important intercoastal shipping trade in which we have authorized Saguenay Terminals Limited to operate under contract.

We respectfully request that in its examination of coastal trade the Royal Commission will give due consideration to the vital importance of intercoastal shipping and that no unfavorable changes will be recommended which we believe would be inimical to public interest and the general economic welfare of the country.

Yours very truly,

SUN STEAMSHIPS LIMITED

(sgd) John E. Langdon

President.

BRIEF SUBMITTED BY -

PEACOCK BROTHERS LIMITED

Postal Address:
Box 1040
Montreal, Canada.

April 25, 1955.

A. J. McLeod, Esq.,
Secretary,
Royal Commission on the Coastal Trade,
490 Sussex Street,
Ottawa, Ontario.

Dear Sir:

As a manufacturer and supplier of Marine Auxiliaries to the various Shipyards throughout Canada, we are vitally interested in their continued operation. Quite a fair proportion of our overall business is derived from the equipment we furnish this particular Industry. We have built up a well trained Technical Staff and have also established facilities which enables us to supply a wide range of equipment, particularly Auxiliaries for the Main Propulsion Units.

Our facilities were used to capacity during the past War, when Ships were so urgently required, and if we are able to obtain sufficient business from the Shipbuilding Industry to maintain this facilities in normal times it would mean that they would again be available on short notice in an emergency should arise.

We understand, when the St. Lawrence Seaway Project is completed, that under present agreements Ships of British Registry will be permitted to carry goods from one Canadian Port to another. Due to the lower cost of operating Ships of British Registry, it would mean that Canadian Ships would have little chance of competing in this Coastal and Great Lakes trade. It would seem to us that if this trade were confined to Canadian built Ships under Canadian Registry it would be a great help in keeping our Shipyards in operation. Not only would the Shipyards benefit, but Industry in general throughout the country would benefit due to the fact that the greater portion of the price the Shipbuilder receives for a Vessel goes to other firms throughout Canada to cover material and equipment.

The Shipyards, when in operation, provide directly and indirectly a considerable amount of employment. They are also a very vital link in an overall defence programme. Under the circumstances, we are hoping that they will be given some assistance to enable them to continue to operate on a reasonable basis.

If there should be any further information you wish to have concerning business we derive from the Shipyards, we will be very pleased to submit it.

Yours very truly,

PEACOCK BROTHERS LIMITED

(sld) W.P. Ferguson

President.

GRAND MANAN BOARD OF TRADE

Grand Manan, N.B.
December 29, 1954

Culminating a ten year period of constant effort by the Grand Manan Board of Trade to bring about better Boat Service between Grand Manan and mainland points, a joint meeting composed of members of the Transportation Committee of the Grand Manan Board of Trade and members of the Citizens Committee, was held at North Head on December 16, 1954, where the following Resolution was unanimously carried;

WHEREAS the boat service to Grand Manan has been generally unsatisfactory and inadequate since the operation of M.V. Grand Manan II - a boat designed and built for the Grand Manan service in 1929, to carry 14 cars, ample passenger accommodation and plenty of room for cargo and mails, was in operation until 1944 when it was suddenly sold without knowledge of the Grand Manan people and others concerned and replaced by S.S. Robert Cann and later the S. S. Keith Cann, craft totally unsuitable for this service and hazardous from a passenger standpoint and thereby perpetrating an offence and an injury to the people of Grand Manan and the whole of Charlotte Country from which they have never fully recovered.

WHEREAS at this point outraged citizenry formed the Grand Manan Board of Trade and began pressing for improved services their labours resulting in the appearance of M. V. Grand Manan III which was apparently the only boat available at the time and while fast and comfortable fell far short of the accommodation for passengers and cargo as was supplied by Grand Manan II fifteen years previous but was the best interim service which could possibly have been supplied until steel became available and a more suitable boat could be provided.

AND WHEREAS the Tourist Industry on Grand Manan at one time was flourishing is now deteriorating due to lack of car space on the boat - Method of handling cars which is objectionable to many car owners - the necessity of making reservations months in advance.

AND WHEREAS mainland and Island residents are unable to move their cars to and from the Island at will or on reasonably short notice; considered importance since car owners have about trebled in the last ten years.

And Whereas Daily mails are not yet a reality on Grand Manan.

And Whereas the present boat schedule is awkward and confusing

AND WHEREAS incoming freights, especially perishables are confined to one trip per week in winter months.

AND WHEREAS adequate accommodation for stretcher patients is not available

AND WHEREAS adequate freight space is not large enough to carry cargo in good order

AND WHEREAS passenger space is cramped and passengers are unable to view the scenic route from indoors.

AND WHEREAS the present service is incapable of handling the American Tourist Traffic through the Lubec short cut route via Wilsons Beach.

B-34

AND WHEREAS the economy of the whole of Charlotte County is effected by the Grand Manan Boat Service.

AND WHEREAS these justified improvements in our service are long past due.

BE IT THEREFORE RESOLVED that we, representing the citizens of Grand Manan, place our transportation problems before representatives of the whole of Charlotte County - to acquaint them fully with our problem with a view of obtaining their co-operation and support in making this drive for improved boat service County wide rather than a localized Grand Manan Project.

BE IT ALSO RESOLVED that with the assistance of the offices of the Charlotte County Board of Trade and our local and Federal Members of Parliament, a survey team be formed composed of representation from the Department of Transport, Post Office Department, N.B. Travel Bureau, Railways Express Companies and any other considered expert in the field of transportation together with representatives from Charlotte County Board of Trade, Campbellton Board of Trade and Grand Manan Board of Trade, determine the size and type of boat and type of service most suitable to our requirements.

BE IT FURTHER RESOLVED that the present schedule be changed in the immediate future to include a daily trip to St. Andrews and the intermediate port of Wilsons Beach.

AND BE IT ALSO FURTHER RESOLVED that any negotiations for a new service or change in the present service be carried on with the full knowledge and participation of Saint John Marine Transports Ltd., the present operators, and in event of new construction the work be done in New Brunswick.

Respectfully submitted:

President, Grand Manan Board of Trade	D.C. Daggett
Secty-treas.	L.G. Small
Chairman, Transportation Committee	Geo. T. Cronk
Chairman, Citizens Committee	Frank T. Wooster

ROYAL COMMISSION ON COASTING TRADE
SUBMISSION BY THE SHIPBUILDING CONFERENCE OF
THE UNITED KINGDOM

The Shipbuilding Conference is the central commercial organisation of the Shipbuilding Industry in the United Kingdom. Its members comprise practically all the firms in the United Kingdom who are engaged in Shipbuilding (not including small craft) and the number of its members is about 60.

The Shipbuilding Conference is thus in a position to speak for the United Kingdom Shipbuilding Industry as a whole and does so in fact.

TERMS OF REFERENCE OF ROYAL COMMISSION ON COASTING TRADE

The terms of reference of the Commission are contained in an Order in Council of the 1st March 1955 and those terms of reference are broad and not restrictive.

Primarily, they embody an instruction to inquire into and report on the coasting trade of Canada, particularly in respect to the relationship of that trade to Canadian shipping and shipbuilding.

CANADIAN SHIPBUILDING AND SHIP REPAIRING ASSOCIATION

This Association, we believe, has as its members all or, if not all, the great majority of the shipbuilders and shiprepairers of Canada, and for the past four years, this Association by means of periodic bulletins, with wide circulation, has endeavoured to promote the proposition that Canadian Coastal Trading should be handled only in Canadian registered and Canadian built ships. The publicity undertaken by the Canadian Shipbuilding and Ship Repairing Association makes it abundantly clear that the cause that Association is fostering is the well being of the Canadian shipbuilder and that alone. To quote from a Bulletin issued on the 1st April 1952, "One simple measure of protection is the reservation of Canada's coastal shipping trade to Canadian built and Canadian registered ships".

It seems that his clear statement of the aims of the Canadian Shipbuilding and Ship Repairing Association draws very definitely the line of conflict between the interests and aims of that body and those of nearly every other person including, it is submitted, the interests of the Canadian consumer.

Canada Shipping Act

Revised Statutes of Canada 1952 (Chapter 29)

The Canada Shipping Act (Part XIII) provides in Section 671 that "No goods shall be transported, by water or by land and water, from one place in Canada to another place in Canada, either directly or by way of a

foreign port or for any part of the transportation in any ship other than a British ship".

(a 'British ship' by definition includes a 'Canadian ship').

Historical statement in regard to present form of Canada Shipping Act

The present form of Part XIII of The Canada Shipping Act stems from an agreement reached at a Commonwealth Conference held in London in December 1929 at which the United Kingdom, Canada, Australia, New Zealand, Union of South Africa, India and the Irish Free State were represented.

Article II of the Agreement signed in London on the 10th December 1931, reads as follows:-

"While each part of the British Commonwealth may regulate its own coasting trade, it is agreed that any laws or regulations from time to time in force for that purpose shall treat all ships registered in the British Commonwealth in exactly the same manner as ships registered in that Part, and not less favourably in any respect than ships of any foreign country."

The Shipbuilding Conference wishes to draw particular attention to the terms of this Agreement and to emphasize the fact that the present form of Part XIII of the Canada Shipping Act is not only a matter of legislation but of prior agreement between the Commonwealth countries.

INTEREST OF THE SHIPBUILDING CONFERENCE

The findings of the Royal Commission on Coasting Trade are most important to The Shipbuilding Conference and the interest of the Conference in them is obvious.

Over the years many Canadian shipowners engaged in the Canadian Coastal Trade have been valued customers of U.K. shipbuilders.

Between the two wars, British shipbuilders delivered to Canada a large number of ships for service in the Great Lakes and the Upper St. Lawrence and for other coastal trade. Even since the end of World War II when the demand was reduced pending a decision to proceed with the St. Lawrence Deep Waterway plans, British shipbuilders have delivered an impressive number of ships. Attached hereto, as Schedule I, is a list and some details of ships for the coastal trade delivered by British shipbuilders between 1922 and 1955. Attention is particularly drawn to the fact that Schedule I does not contain any ships for international deep sea trade.

At June 1955, British shipyards had under construction or on order a number of ships for Canadian owners for use in the Coastal Trade.

Attached hereto, as Schedule II, is a list of such ships.

BRITISH SHIPBUILDING

At the present time, the facilities of the British Shipbuilding Industry are fully modernized and competitive in all respects with any shipbuilding industry in the world. This state of affairs is due to the initiative of the British shipbuilder himself, whose business is carried on without subsidy of any kind and, save in the case of very small craft for inland waters, without any tariff protection whatsoever. The Shipbuilding Industry in the United Kingdom has consistently, and over the years, stood for freedom to trade unrestricted by tariff barriers and this attitude has been taken both in the United Kingdom and abroad, for example in Australia.

INTERNATIONAL TRADE

Since the end of World War II, Canada has made every effort to increase her own export trade and time and time again, Ministers of the Crown have recognized in public utterances, the need for Canada to develop and expand trade with its customers abroad, so that those customers may continue to trade with Canada.

As recently as the 25th May 1955, the Right Honourable C. D. Howe, Minister of Trade and Commerce, in addressing the Canadian Manufacturers Association at Montreal, is reported to have said "Some countries had dabbled with high tariff protection, others with exchange controls and discriminatory restrictions, and in all cases these misguided efforts had reacted against the countries that had initiated them. The free world was not strong enough to endure the international bickering and disunity which would accompany the growth of barriers to trade."

The above quoted words of the Minister are, it is submitted, a very complete answer to the views which the Canadian Shipbuilding and Ship Repairing Association have submitted to The Royal Commission.

The United Kingdom is ready and anxious to trade with Canada in a large way but its ability to do so is necessarily dependent on its supply of Canadian dollars or, to put it in another way, its ability to do so is necessarily dependent on its opportunities for back and forth trading. However, if the United Kingdom's sources of Canadian dollars are to be dried up by restrictive legislation, then the United Kingdom's ability to purchase Canada's exports would be correspondingly reduced.

In support of the foregoing statement the attention of this Royal Commission should be drawn to the figures of trade between Canada and the United Kingdom in the year 1954. In that year, Canada exported to the United Kingdom products to the value of \$652,694,000 and the United Kingdom exported to Canada products to the value of \$392,472,000 leaving the United Kingdom with an adverse trade balance of \$260,222,000 in its trading with Canada.

It is elementary to point out that if legislation is enacted which necessarily makes that adverse trade balance greater, Canada is bound to have the United Kingdom market for her products restricted accordingly.

The amendment to Part XIII of the Canada Shipping Act in the manner desired by the Canadian Shipbuilding and Ship Repairing Association will dry up a large source of Canadian dollars, a source which to the present has been available through United Kingdom shipbuilders and probably, to an even greater extent, through United Kingdom shipowners.

The Shipbuilding Conference recognizes, as it is bound to recognize, that the Canadian Government for reasons of national defence, and perhaps other reasons, is free to decide what shipbuilding facilities it wishes maintained in Canada.

The complete reservation of the Coastal Trade to Canadian built vessels is a most expensive way of endeavouring to provide for the maintenance of Canadian shipyards and none the less expensive because of the difficulty of estimating the cost.

Free competition has many times, and in different circumstances, been proved to be the most effective way to keep costs down and the removal of competition in the Coastal Trade will inevitably result in increased cost of transportation. The increased cost of transportation will be serious and, it is submitted, not in the best interests of the Canadian economy.

It seems opportune to point out that the increased cost of transportation referred to above will most certainly be reflected in the price of many of Canada's exports, and as is well known, successful exporting is a question of price. With the increase in cost which will be brought about by reason of the removal of competition, it is reasonable to predict that the export of Canada's products will be just that much harder to consummate.

It seems basic that one of the reasons for the expenditure of vast sums of money on the St. Lawrence Seaway is to reduce cost of transportation and, even before the completion of the St. Lawrence Seaway, to exclude British ships from participation in the Coastal Trade of Canada, with an inevitable increase in the cost of transportation cannot be made to appear either logical or reasonable.

It would appear that with the completion of the Deep Waterway, there will be an important change in the type of ship that will be used in the trade of the St. Lawrence. It is anticipated that a demand will develop for specially designed large bulk carriers suitable for year-round trading, for example, to transport grain from the head of the Lakes to the lower St. Lawrence ports, returning West-bound with ore from

Seven Islands; and also adapted for other trades outside the St. Lawrence during the winter months.

For building of ships of these types, the shipyards of the United Kingdom are most adequately equipped and experienced.

CONCLUSIONS

It is respectfully submitted by the Shipbuilding Conference that Part XIII of The Canada Shipping Act should remain unchanged and for the following reasons:-

First:

That the complete reservation of the Canadian Coastal Trade to Canadian built ships would deprive the United Kingdom of a vital source of Canadian dollars, dollars which are essential to the United Kingdom if she is to purchase from Canada the goods which Canada is anxious to sell in the markets of the United Kingdom.

Second:

That the Canadian owner engaged in the Coastal Trade of Canada should retain his freedom to have his ships built by United Kingdom shipbuilders.

Third:

That the removal of competition in the Coastal Trade of Canada that would happen if Part XIII of the Canada Shipping Act were amended in the manner desired by the Canadian Shipbuilding and Ship Repairing Association would inevitably result in the increase in the cost of transportation which could only be reflected in the increase in the cost of living for Canadians.

Fourth:

That while the present form of the said Part XIII is the result of an Agreement between the countries of the Commonwealth, it must be pointed out in fairness that the Agreement itself contained provisions for amendment.

However, the spirit of the Agreement was that of equal treatment in all parts of the Commonwealth for all ships of the Commonwealth and any part thereof.

To change Part XIII, as suggested, would be contrary to the spirit of the Commonwealth Agreement.

Under the reserve of the right to produce witnesses before this Royal Commission, The Shipbuilding Conference repeats its respectful representation that Part XIII of the Canada Shipping Act should remain unchanged in its present form.

Montreal

June 21st, 1955

The Shipbuilding Conference

By S. G. DIXON

Its Attorney

GENERAL COUNCIL OF BRITISH SHIPPING

Martin Hill
H.E. Gorick
Joint Secretaries

3-6 Bury Court,
St. Mary Axe,
London, E.C.3,

The Secretary,
Royal Commission on Coasting Trade,
490 Sussex Street,
Ottawa, Canada.

Dear Sir,

The General Council of British Shipping, which is fully representative of all classes of United Kingdom registered sea-going tonnage, has noted the appointment of the Royal Commission to enquire into matters respecting the coasting trade of Canada.

It is understood that the Commission wishes to have information by the 30th April from interested parties who feel able to assist the Commission in its work and has invited written submissions from those parties by that date. It is further understood that, in response to direct invitations which have been given to them, certain United Kingdom Shipping Companies who have contributed to the transport requirements of Canada's economy for a great many years, will be laying before the Commission particulars of their services and other relevant information.

The General Council of British Shipping has, however, a good deal of information of a comprehensive nature with regard to the services, in general, of United Kingdom tonnage in Canadian trades. If it would assist the Commission, the General Council would be very ready to place at its disposal the factual information of this nature which is available to the General Council and we are instructed to offer to the Commission any assistance that it may feel that the General Council can usefully give to its deliberations, particularly in regard to suggestions which, it is understood, have been made from time to time for the application of restrictions to the employment of tonnage in Canadian coastal waters.

In the course of its work, the General Council, in co-operation with shipowners of other countries and indeed with Merchants' Organizations, has for long been concerned with the policies which can best be followed in making available to world commerce the most efficient and economical transport facilities. If the Commission should require information about these broad aspects of shipping policy the General Council will be glad to provide it.

The General Council would respectfully submit that the economies of Canada's coasting and overseas trades are inevitably interlocked; that any attempt to treat one as an entity separate from the other must inevitably militate against the well being of both; and that therefore the considerations which normally govern the employment of shipping tonnage in a country's domestic coasting trade (although in this connection it is relevant to recall that the coasting trade of the United Kingdom is open to tonnage of all flags without restriction) are much wider in the case of Canada with its vast exterior and interior coastlines.

It would also submit that the participation of United Kingdom shipping in the Canadian coastal trades, has apart from contributing substantially to the availability to Canada and Newfoundland of efficient shipping services, secured

dollar earnings to the United Kingdom, thus facilitating the purchase of Canadian goods by the United Kingdom.

In the light of these general observations, the General Council would be glad to do anything it can to assist the work of the Commission and awaits the views of the Commission as to the directions in which the Commission may feel that the General Council can best do this.

We are, Sir,

Yours faithfully,

(sgd) Martin Hill

" H.E. Gorick

Joint Secretaries

OWEN SOUND CHAMBER OF COMMERCE

Owen Sound, Canada.

June 17, 1955.

G. G. McLeod, Esq.,
Secretary Royal Commission on Coasting Trade,
490 Sussex Street,
Ottawa, Ontario.

Dear Sir:

We write in support of the general submission of The Canadian Shipbuilding and Ship Repairing Association with respect to the Canadian Coastal Trade.

We are particularly perturbed by the thought that any decrease in the use of Canadian vessels in our coastal waters arising from which there would naturally be a decline in the amount of kindred services to be made available, would have an adverse effect on employment figures, certainly in coastal areas and in those areas reached by the Great Lakes chain of waterways.

In the past few months we have been endeavouring to co-operate with the Federal Government in a study of seasonal unemployment and it was our conclusion that employment on vessels plying the Great Lakes had a tremendous impact upon our economy. Time does not permit us to delve as deeply as we would wish into a study of the subject but we do know that our unemployment figures for the Owen Sound area were 20% increased, owing to seasonal lay-off of ships' complement alone. If this were allowed to become a permanent feature of our economy owing to the departure from the coastal trade of Canadian vessels, we estimate that this district would be further hit by a loss of at least \$1,000,000.00 in wages from the 500 seamen who normally receive at least six months' work.

If, in addition, the task of outfitting ships were also to be diverted, the effect on our economy would be much more far-reaching.

We trust that your commission will give careful study to the need for recommending the establishment of new policies for the regulation of the Canadian Coastal Trade similar to those of the United States; and that these will have a contributory effect on the preservation to Canadians of their present standard of living.

Yours very truly,

J. McCansh,
President.

TO: G.G. McLEOD, ESQUIRE,
Secretary, Royal Commission on the Coasting Trade.

Re: Minute of a Meeting of the Committee of
the Privy Council, approved by His
Excellency The Governor General of Canada
on the first day of March last, published
as P.C. 1955-308.

Dear Sir:

With reference to our correspondence in connection with this matter, culminating in yours of the 25th March last, please find enclosed herewith a written Submission in behalf of Dominion Marine Association, in respect to the matters to be inquired into by the Commissioners.

Dominion Marine Association is an association of Canadian shipowners trading on the Great Lakes of North America and this written Submission is respectfully put forward for the consideration of the Commissioners and has particular reference to the Great Lakes of North America, which, for the Association's purposes, receive a sufficient definition under the provisions of the Canada Shipping Act, R.S.C. 1952, c.29, s.2(41).

Pursuant to our correspondence - above referred to - and to an interview which we have had with the Chairman of the Commission, it is respectfully requested that this Association be allowed to

- (a) call such witnesses, at a hearing in Central Canada, as will best serve its purpose, and
- (b) submit other material of a written nature, prior to the hearing at which the Association be heard, and comprising statistical and other data relating to economic considerations arising out of the Great Lakes trade, the construction of the St. Lawrence Seaway and the relationship of the coasting trade of Canada to the general trans-boundary trade with the United States of America.

The within enclosed Submission, together with its Appendices, respectfully submitted this 25th day of April, 1955.

DOMINION MARINE ASSOCIATION.

B-28

TO: THE COMMISSIONERS,
THE ROYAL COMMISSION ON THE
COASTING TRADE OF CANADA

S U B M I S S I O N
OF
DOMINION MARINE ASSOCIATION,
an Association of Canadian Shipowners trading
on the Great Lakes of North America
in respect to

- A. The restriction of the coastwise trade of Canada - within the Great Lakes - To Canadian ships.
- B. The negotiation of a treaty with the United States of America looking towards the restriction of trans-boundary trade in the territorial waters of the two countries - within the Great Lakes - to vessels of the United States and Canadian ships.

"GREAT LAKES" as hereinafter referred to means Lakes Ontario, Erie, Huron (including Georgian Bay), Michigan and Superior, their connecting and tributary waters, including the River St. Lawrence as far seaward as a straight line drawn from Cap de Rosiers through West Point Anticosti Island extending to the North shore.

Reference: R.S. Canada 1952, c.29, s. 2(41)-

"Inland waters of Canada"

CONTENTS

- Part I. The creation of a great inland waterway system
- Part II. The St. Lawrence Seaway - its probable effect upon present trade patterns
- Part III. Dominion Marine Association
- Part IV. Submissions
 - A. As to the coastwise trade of Canada
 - B. Proposed Treaty between Canada and the United States
- Part V. Reasons of the Association in support of its Submissions A. and B. and further reasons of a general nature
- Part VI. Submission as to the matter requiring early consideration

Appendices

- Appendix I. Detailed proposals to be embodied in a treaty
- Appendix IA. Resolution of The Senate of the United States
- Appendix IB. Supplementary Submission as to the trade extending beyond the inland waters limits
- Appendix II. Some statistics
- Appendix III. Some historical considerations
- Appendix IV. Shipbuilding and Operating costs
- Appendix V. Extracts from Hansard, Vol. 96, No. 87, p. 3848

I.

THE BUILDING OF THE CANALS ON THE MAIN ROUTE WAS
PROBABLY THE PRINCIPAL FACTOR IN THE CREATION OF
GREAT INDUSTRIAL AREAS IN THE ST. LAWRENCE BASIN
-- THE GREAT LAKES OF NORTH AMERICA

The St. Lawrence River and its basin -- the Great Lakes of North America -- afford a course of water communication from the sea to the middle of the North American continent. The waterway has a length of some 1,635 nautical miles. These water communications comprise one of Canada's greatest transportation assets, and the Government has been active to realize upon the asset by the building of canals and the maintenance of inter-connecting channels.

At the present time lake vessels of large dimension are able to trade freely throughout the length of the system from the lake head to the rapids of the St. Lawrence River. The large lake vessels, and the larger ocean vessels, cannot circumvent the St. Lawrence River rapids. The River constitutes the main outlet of the system and its source, in Lake Ontario, is elevated some 243 feet above sea level. The present system of lower canals provides for circumnavigation of the rapids by vessels of 14 feet draft and 255 feet in length.

Trading throughout the length and breadth of this great inland waterway system are some 264 vessels of Canadian registry and some 432 vessels of United States registry. A number of vessels of Canadian registry are of a type suitable for navigation of the

lower St. Lawrence Canals. The greater proportion of the fleet, the so-called "upper lakers", comprise only ships built and maintained for trading within the Great Lakes area.

During the last few years, increasing numbers of foreign vessels are passing through the St. Lawrence canals and into the Great Lakes, and steadily building trade connections in the carriage of import and export cargoes. They are necessarily small vessels of the coaster type, but it is presumed that upon the opening of the St. Lawrence Seaway they will be replaced with the normal ocean-going vessel of deeper draft and greater capacity. The submissions of this Association would in no wise affect vessels engaged in normal foreign trade, that is to say, in the carriage of goods to and from Canada across the oceans and utilizing the canal systems to enter and leave the Great Lakes area.

II.

THE ST. LAWRENCE SEAWAY -- ITS PROBABLE EFFECT UPON PRESENT TRADE PATTERNS.

The proposed Seaway -- the provision of canals of adequate depth to circumnavigate the St. Lawrence River rapids -- brings new problems to the Great Lakes shipowner. For the first time, vessels of equal dimension and capacity with those of the present Great Lakes fleet will be able to enter the Great Lakes. Such vessels can be British (other than Canadian) and foreign vessels and would be entirely constructed abroad, manned by crews other than residents of this country, and can be operated at a much lesser cost than can any of the vessels of the present Great Lakes fleet. In the case of British ships (other than Canadian), they would be able to compete directly with Canadian-owned vessels in the purely coasting trade. Such operations would not be taxable.⁽¹⁾

What is not generally realized, however, is that goods moving between Canadian and United States ports, on the Great Lakes and throughout the system, could THEN be moved in foreign bottoms. That is to say, not only British ships (other than Canadian) could enter the trade, but vessels of any nationality whatsoever; since in fact, although the traffic passes entirely in territorial and inland waters⁽²⁾, it is in essence foreign trade insofar as it is a traffic passing between the two countries.

It will be readily realized that, if this trade were opened to the fleets of all nations, it would be impossible for Canadian and United States shipowners to maintain any service in the face of such competition and it would pass entirely to the ships of other nations. Since this is a purely trans-border traffic, it would create an intolerable situation in that bulk commodities -- essential to the economies and industries of Canada and the United States -- would be carried in vessels of other flags. The result would be, in the face of such competition, that Canadian shipowners would be driven from the inland waters of Canada and the shipyards and ancillary services which sustain them would be without business.

(1) Reciprocal exemption from Income Tax of earnings
operation of ships, Treaty Series 1930, No. 4.

(2) The Canada Shipping Act, s. 2(41)

III.

DOMINION MARINE ASSOCIATION COMPRISES CANADIAN
SHIPOWNERS ENGAGED IN THE LAKES TRADE.

(1) This Association comprises only those owners engaged in trading on the Great Lakes of North America as far eastward as the Gulf of St. Lawrence. Its membership maintain a large and efficient fleet of carriers suitable for the moving of bulk, and package, commodities. This fleet is engaged in the movement of grain and iron ore from the lake head and in the movement of coal, pulpwood, stone and other cargoes to and fro on the Lakes system. Certain of the members are engaged in the movement of "package-freight", that is to say, package cargo of a general nature.

As the situation now is, the large lake vessels cannot pass down and out into the Gulf of St. Lawrence, nor can the normal ocean vessel pass inwards to the lake system. For this reason the lake carriers are built, repaired and equipped within the Great Lakes area.

The membership of the Association comprises 22 companies owning 216 vessels of 734,015 tons gross. For many years past this Association has acted in close concert with a similar association of owners in the United States, whose vessels trade within the same general area. The two groups have maintained standing committees to inquire into and increase standards of safety of navigation on the Great Lakes and to maintain advisory bodies which may be consulted by Government officials whose work is directly connected with safe and efficient navigation within the inland waters of Canada.

- (2) THIS ASSOCIATION SUBMITS (x)
- (a) that the coastwise trade of Canada, in its inland waters, should be restricted to Canadian ships as hereinafter defined;
 - (b) that negotiations should be entered into looking towards a treaty with the United States of America which would have the effect of restricting the purely trans-boundary trade in the territorial waters of the two countries, in inland waters, to vessels of the United States and Canadian ships.

In the latter connection, this Association is informed that a representative body of United States owners, whose vessels trade upon the Great Lakes, have put forward proposals to the Executive of the Government of the United States and that those proposals have been received with interest and are being reviewed by departments of that Government. In the meantime a Resolution has been set down in the Senate of the United States.

- (3) The Senate of the United States, on January 7, 1954,
- " Resolved, That since no laws presently exist to restrict the right of any vessel to trade between the ports of the two countries on the Great Lakes, and since it is essential to the mutual security of the United States and Canada that this trade be preserved by mutual agreement to vessels of the United States and Canada, that the President of the United States is requested to direct the Secretary of State to undertake immediate steps with officials representing the Canadian Government to negotiate a treaty between these Nations declaring that no

(x) See Supplementary Submission, Appendix IB

vessel other than a vessel built and registered in the United States or Canada be permitted to engage in the transportation of goods by water between a port or place in the United States of America and a port or place in Canada, within the Great Lakes, where the ports of loading and discharge are within the Great Lakes. "(1)

IV.

SUBMISSIONSA. THE RESTRICTION OF THE COASTWISE TRADE OF CANADA
- WITHIN THE GREAT LAKES - TO CANADIAN SHIPS

This Association submits that the Canada Shipping Act, 1934, Part XIII, be amended so that no vessel other than a "Canadian ship" shall transport goods by water from one place in Canada to another place in Canada -- within the Great Lakes -- either directly or by way of a foreign port. Further, it is submitted that for this purpose "Canadian ship" shall mean such vessel as is hereinafter defined(2).

In 1929 the Merchant Shipping Section, of an Imperial Conference, recommended that FOR A LIMITED NUMBER OF YEARS the several parts of the Commonwealth might agree to continue the (then) position under which ships of any part of the Commonwealth were free to engage in the coasting trade of any other part(3). This was in 1929 -- 25 years ago. At this date the coastwise trade of Canada is open to British ships (other than Canadian), that is to say, ships registered in any part of the Commonwealth, including the United Kingdom. Such operations are not taxable(4), and such ships pay no duty nor are they under any disability whatsoever in entering into the coastwise trade of Canada, other than the limitations which might be imposed by The Transport Act, Part II(5), which is not applicable to the carriage of bulk goods. "British ship" is nowhere defined in the Canada Shipping Act(6), but it is to be assumed that the provisions of the statute -- relating to registry -- sufficiently define such vessel to be one owned and registered in any part of the Commonwealth or in any of Her Majesty's Colonies, Protectorates and Mandates. This is, no doubt, the outcome of the draft Agreement, subsequently executed, submitted to the Imperial Conference 1930(7).

It is submitted that the reasons for granting this privilege to ships other than those registered in Canada are now ended. It was never intended that the privilege should be maintained for as long a period as it has continued, viz. 25 years. The draft Agreement in question made provision for any part of the Commonwealth retiring from the Agreement upon giving twelve months' notice. In any event, this Submission is concerned only with the Great Lakes of North America as herein defined.

Upon completion of the Seaway, larger vessels will be enabled to pass inwards to the Great Lakes and, although it is anticipated that these will be of the normal ocean type and be

(1) The Senate of the United States Resolution 175 (83rd Congress, 2d Session) -- Appendix IA.

(2) Appendix I (2) (b).

(3) Appendix III -- Notes on the Imperial Conference - 6

(4) Treaty Series 1930, No. 4

(5) R.S.C. (1952), c. 271, s. 12 (1) (3)

(6) The Canada Shipping Act, s. 2(5) -- "British Ship" includes a Canadian ship.

(7) Report of the Conference -- 1929 (H.M.S.O. 1930 Cmd. 3479)

engaged in the direct import and export of cargoes to the Great Lakes area, there is no reason why British (other than Canadian) and foreign shipowners should not plan and build vessels for direct competition in the bulk trades of the Great Lakes and in the movement of goods between Canadian and United States ports. At present, Canadian Upper lake vessels are constructed in Canadian yards within the Great Lakes area. It is possible to bring large carriers up the Mississippi waterway system and to complete them for Great Lakes service within the Great Lakes, but this method has only been utilized in very exceptional circumstances.

As we have said, there is no necessity for a shipowner to obtain a licence under The Transport Act, Part II, in order to engage in the carriage of bulk goods within the Great Lakes area. It is apparent, therefore, that if British ships, other than Canadian, could enter into the Great Lakes Trade, they would be in direct competition with the shipowner and the yard and repair services which sustain his operations.

The Association seeks this amendment not only because it is a necessary step in the preservation of our own trade, but because its adoption must precede the matters put forward in our second Submission.

B. THE NEGOTIATION OF A TREATY WITH THE UNITED STATES OF AMERICA LOOKING TOWARDS THE RESTRICTION OF TRANS-BOUNDARY TRADE IN THE TERRITORIAL WATERS OF THE TWO COUNTRIES -- WITHIN THE GREAT LAKES -- TO VESSELS OF THE UNITED STATES AND CANADIAN SHIPS.

IT IS SUBMITTED, in behalf of the Association, that a treaty be negotiated with The United States of America looking towards the restriction of trans-boundary trade in the territorial waters of the two countries to vessels of The United States and Canadian ships.

The Great Lakes of North America comprise the territorial waters of Canada and the United States. The boundary between the countries runs equally on land as on water. For example, counties of Ontario extend to the international line; THEY ARE NO PART OF THE HIGH SEAS and the traffic passing and re-passing on the Lakes is a PURELY DOMESTIC COMMERCE, in this case served by shipping rather than land transport. The volume and extent of this trade is indeed enormous, exceeding 200,000,000 tons per year, transported in almost 700 ships⁽¹⁾. For many years Canadian and United States shipowners have provided, and maintained in good times and bad, an adequate and efficient fleet of ships designed, maintained and operated so as to provide maximum efficiency in the transportation of commodities throughout the Great Lakes system. In two successive world wars the volume of this traffic has been immense and its service to the community of free nations without equal. These fleets have been and remain entirely operated and maintained by private investment. In the case of the Canadian Great Lakes fleet alone it is estimated that the value of the investment is \$150,000,000⁽¹⁾, and of course the investment in ancillary services and shipyards is of like proportion. The replacement value of such vessels must be estimated at at least \$300 to \$350 per ton.

(1) Appendix II - Statistics

V.

REASONS OF THE ASSOCIATION IN SUPPORT
OF ITS SUBMISSIONS.THE COASTWISE TRADE - WITHIN THE GREAT LAKES

The reasons in support of this submission are co-equal in extent with the reasons in support of our second submission (B). The Great Lakes of North America are inland and territorial waters of Canada. The services at present provided are essential to the Canadian economy and the efficient transportation of its goods and commodities. Since the St. Lawrence Seaway, as proposed, is moving steadily into the realm of fact, it is incumbent upon Canada to enunciate some clear policy which will have the effect of

- (i) assuring Canadian citizens that this vast expenditure shall not entail the destruction of efficient and profitable Canadian enterprise essential to the prosperity and economy of the nation,

and

- 2 (ii) making it entirely clear that this Government intends, by its policies, to support and maintain the present Great Lakes fleets, in that British (other than Canadian) and foreign shipowners will not be rashly encouraged, by the construction of the Seaway, to enter into capital investment looking towards direct competition with the Great Lakes shipowners.

The protection of the coastwise trade, then, is an essential step towards the entering into of a treaty with the United States of America looking towards the protection of the Great Lakes trade as a whole, being an integral part of the transportation and economy of North America, essential not only in times of peace but doubly so in time of war and international tension.

There is nothing whatsoever in the proceedings of the Imperial Conferences of 1929 and 1930 to prevent Canada from dealing with its coastwise trade in any manner which seems to be appropriate. The British Commonwealth Merchant Shipping Agreement, 1931⁽¹⁾ was the outcome of these Imperial Conferences and it is quite clear from the proceedings that the Canadian delegates regarded, as has been done at subsequent Conferences, the Great Lakes of North America to be a body of water requiring different considerations. This is only natural, and subsequent international Conventions have been careful to except the Great Lakes, an area which has always been dealt with by means of treaties between the United States and Canada, the greater part of which have always reiterated the mutual rights of navigation in important sections of the waterway.

Further, it is clear that those attending the Imperial Conferences of 1929 and 1930 had no idea whatsoever in their minds that the coastal traffic of any part of the Commonwealth should remain open to ships of another part for anything other than a limited period of time, a matter which is amply clear from the reports of those Conferences.

In the Submission of this Association it will be seen that the definition of "Great Lakes" is actually the definition of "inland waters" contained in the Canada Shipping Act, 1934. The reason for this is that the trade of the members of this Association has always ranged as far eastward as the Gulf of St. Lawrence, and of course the greater part of the lower canal trade is to Montreal and ports beyond and there has been a coal and pulpwood trade passing in the same area. The Submission of this Association, therefore, must necessarily give meaning to the expression "Great Lakes" other than a purely geographical connotation in order that the whole of the trade passing in and out from the Gulf of St. Lawrence to this great inland water might be given consideration.

⁽¹⁾ Signed at London, 10th December 1931, contained in Statutes of Canada 22-23 Geo. V., Parts I and II.

THE PROPOSED TREATY AS TO THE TRANS-BOUNDARY TRADE
WITHIN THE GREAT LAKES

It is proposed that a treaty be entered into which would provide that no vessels other than vessels of the United States of America or Canada -- as defined -- shall engage in the transportation of goods by water between ports or places in the United States and ports or places in Canada, within the Great Lakes, as defined(1).

Canada and the United States have always co-operated closely in matters pertaining to the Great Lakes of North America, the control of their waters, the facilitation of navigation, the maintenance of aids to navigation, and many other matters. It is open to the two nations to provide for the protection of their mutual trade, as well in peace as in war, and during times of emergency both countries have admitted vessels of the other to their coastwise trade. Ample precedent exists for the course proposed.(2)

No submission is needed to show that the entry of vessels, other than those of Canada and the United States, into the domestic Great Lakes trade would pose a competitive problem which is insoluble. The cost of operation of such vessels -- even in comparison with vessels of the United Kingdom -- is very much less than that for Canadian and United States ships(3). The only result of the admission of such vessels into this trade will be the destruction of the trade of the Canadian and United States shipowners. Vessels can be built abroad in the shipyards of northern and southern Europe and Japan at a cost with which no Canadian shipyard can compete(3).

For these reasons, therefore, this Association takes a similar view to that of a representative body of United States Great Lakes owners, previously referred to, who have submitted proposals to the Executive of their Government reflected in the Resolution of the Senate of that country which was referred to the Committee on Foreign Relations on January 7th, 1954, and is set out in extenso in Appendix IA hereof. No vessel, other than those of defined ownership and registry, can engage in the coastwise trade of the United States. It is proposed that, if a treaty with that country be entered into, no vessel other than those defined in Appendix I should be able to engage in the carrying of cargoes from a port or place in Canada to a port or place in the United States within the area of the Great Lakes encompassed by the Canadian definition of "inland waters". At the present time Canadian Great Lakes owners have some competitive advantage over those of the United States and that part of the trade that is envisaged in the proposed treaty is purely a trans-boundary trade between the two countries passing, in this instance, upon the waters of the Great Lakes.

**AN ADEQUATE DOMESTIC GREAT LAKES FLEET
IS ESSENTIAL TO THE DEFENCE OF THE NORTH
AMERICAN CONTINENT.**

(a) It is most important to note that the maintenance of adequate Great Lakes fleets is essential to the defence of the North American Continent, since the safe and efficient movement of bulk commodities is of vital necessity to the industrial capacity of the Great Lakes basin, an area which produces large percentages of the steel and munitions of war(4). This area has been well served by the private initiative of Canadian and United States shipowners in two world wars, during which a vast bulk of commodities was efficiently transported to the needs of the industries of this great area. In time

(1) Appendix I

(2) Appendix III

(3) Appendix IV

(4) Appendix II - General Statistics

of war, or national emergency, these fleets are available to both countries, and would not be withdrawn to serve the purely national purposes of their owners in other parts of the world.

Secondly, under this heading, the Great Lakes fleet provides a pool of trained seamen who may be called upon in times of national emergency; and thirdly, but not the least, the shipyards and repair facilities of this great area would be essential in any times of international tension or war, and the retention of a skilled work force in these yards is of paramount importance, which can be assured only by maintenance of the present domestic trade pattern. The relative cost of shipbuilding in European and Japanese yards is a great deal less than that of this country.⁽¹⁾

FURTHER REASONS

(b) The conditions which will be encountered upon the opening of the St. Lawrence Seaway were not envisaged when any of our present statutes were drafted, and more particularly when this country entered into the British Commonwealth Merchant Shipping Agreement, signed at London on the 10th day of December 1931, and it might be pointed out that Part IV, Art. 10, refers only to "sea-going ships" under the heading of "Equal Treatment", and by Part X, Art. 24, a Notice of Withdrawal shall take effect at the expiration of twelve months from the date of its despatch. And further, as appears in the Report of Proceedings,

"Canada reserves the right when signing the Agreement to declare the extent, if any, to which the provisions of the Agreement, other than those of Part I, shall not apply to ships navigating the Great Lakes of North America";

and of course Part I refers only to common status by way of qualifications, registry and national colours.⁽²⁾

It is clear, therefore, that this was not a privilege especially extended to the United Kingdom, but an agreement for common status of the ships of the British Commonwealth; and of course it is true that Canadian ships could trade upon the coasts of the United Kingdom if in any position to do so competitively. But even before the Conference came to its conclusions it was clear that Canada had firmly in mind the special nature of the Great Lakes of North America.

(c) At the present time, only a minuscule number of vessels, other than Canadian, are engaged in the purely domestic commerce of the Great Lakes. The adoption of our proposals will in no way interfere with any rights heretofore enjoyed by British (other than Canadian) and foreign shipowners. This Association does not seek to interfere in any way with the normal water carriage of goods to and from Canada and ports overseas. It seeks only to protect a trade which is indigenous to the North American Continent and as much a part of our transportation system as are the railroads and highways. This is a special trade, in which new skills of navigation and shipbuilding have been attained over the years, with the resultant factor of low-cost operation and the speedy handling of bulk commodities essential to the basic industries of North America.

(d) Since the cost of the Seaway and other improvements of the channels leading to the lake head will be borne entirely by Canadian and United States citizens, it is only just that their voice should be heard in connection with their own essential domestic commerce. The operations of British shipowners would not be taxable⁽³⁾.

(1) Appendix IV

(2) Appendix III - Note 7

(3) Reciprocal Treaty 1930, No. 4

Similar agreements exist with other foreign nations who might engage in the Great Lakes trade.

(c) Canada, like the United States, has many treaties of navigation and commerce with other nations, but it is submitted that the existence of such treaties and the fact that they may contain a "Most Favoured Nation clause" should not operate so as to debar this country from entering into the proposed treaty with the United States. Not only is there ample precedent for the two countries dealing with the Great Lakes area between themselves, but it is accepted and acknowledged that territorial propinquity may give rise to particular legal privileges. Circumstances of geography result in commercial patterns not applicable to foreign trade generally. Therefore, it is not thought that the existence of this type of treaty will in any way debar Canada and the United States from entering into the proposed treaty, which really applies only to a purely domestic concern, just as the movement of goods across the mutual boundary might be regulated, even though proceeding by rail or highway. There are many instances of the special relationship arising out of geographic, economic and political considerations, as has been recognized by the major commercial nations of the world; and it might be noted that the Treaty of 1871 between H.B.M. and the United States especially provided that Her Majesty would urge upon this Dominion the use of the Welland and River St. Lawrence Canals by citizens of the United States, and, in addition, the United States undertook to allow privileges to Canadians in the St. Clair Canal and Lake Michigan.⁽¹⁾

Since the time the United States secured its independence, the Great Lakes have been the subject of many treaties, exchanges of notes, and agreements, whether made in behalf of Canada or made by Canada itself. In addition to those set out in the Appendices hereto, we might briefly advert to

The establishment of a Board of Inquiry for the Great Lakes Fisheries,

Reciprocal recognition of Load Line Regulations for vessels engaged in international voyages on the Great Lakes,

Mutual arrangements as to the industrial area of the Great Lakes - St. Lawrence Basin, with a special regard to power,

Agreement as to United States Coast Guard vessels entering Canadian territorial waters,

and many other documents of a similar nature.

In concluding its reasons in support of these Submissions, this Association wishes to make it entirely clear that it does not seek, in any way, to interfere with the right of passage of vessels other than Canadian to and from the Great Lakes of North America engaged in the transportation of goods by water to and from this country to ports overseas. Further, this Association does not seek that the coastal trade be restricted in any other way than in the Great Lakes, as herein defined.

VI.

THIS ASSOCIATION SUBMITS THAT THE MATTER IS ONE REQUIRING EARLY CONSIDERATION.

Although the completion of the St. Lawrence Deep Seaway is some years distant, it is submitted that a decision should be taken now on both heads of our submission, in that

- (A) the coastwise trade of Canada - within the Great Lakes - should be restricted to Canadian ships
- and
- (B) discussions should be opened with representatives of the United States of America looking towards the preservation of their mutual trade passing and re-passing on the waters of the Great Lakes.

As has already been submitted, the amount of capital expenditure in ships and shipyards is such that all those intending to engage in the trade should have early warning of what conditions will be applicable upon the opening of the Seaway.

The development of the vast iron ore deposits in the Ungava region will mean that an increasing tonnage of iron ore will be passing INWARDS through the St. Lawrence waterways to Great Lakes ports. Formerly the greater percentage of the iron ore traffic, coming down from the lake head, was a purely coastwise trade of the United States. From time to time, during national emergencies, Canadian ships have engaged in this trade under Executive provision. Similarly, from time to time United States ships have engaged in the purely coastwise trade of Canada, as provided⁽¹⁾.

The meaning to be taken from these developments is that the new INWARDS trade of iron ore will be a movement from Canada to the United States. It will not come under the coasting laws of that country and, so long as vessels can pass from Seven Islands to the Lake Erie ports, it is open to ships of other flags to engage in the trade; not only will this be so in the future, but it is the case at present.

Contracts are at present being negotiated looking to the movement of Ungava ore and covering a period of many years into the future, and it is a part of our Submission that these developments call for an early decision upon these two submissions.

Canada has invested a large amount of capital in its inland waterways. The United States has invested likewise heavily in maintenance and operation of channels, navigational aids, and of course the great locks at Sault Ste. Marie. The development of the St. Lawrence Seaway has been decided upon, and this Association feels that it is within its right to ask that it be given some assurances that such a great expenditure will not result in the destruction of its present trade.

This Association submits that the foregoing proposals represent an effective and proper means of dealing with a problem which is important not only to the Great Lakes shipowner, but to the people of Canada. The trend of shipping in Canada today is clearly shown by recent figures indicating the great decline in the foreign-going ocean trade, the very small increase in the coastwise trade, and a large increase in the Canadian Great Lakes

(1) The Canada Shipping Act, s. 673

fleet. The increase in the Great Lakes fleet is particularly reflected in the number of Upper Lake carriers concentrating on the bulk trades, with a very small increase in the Canal-size vessels, probably due to the impending development of the St. Lawrence Seaway. Thus, the only portion of the Canadian Merchant Fleet that is shown to be in a healthy condition is that portion trading upon the Great Lakes.⁽¹⁾

This Association respectfully submits the foregoing for the attention of the Commissioners and, in addition, requests that

- (a) it be allowed to call such witnesses, at a hearing in Central Canada, as will serve the purpose of this Submission, and that
- (b) it be allowed to submit such further and other material as Counsel may advise in support of its arguments as set forth in Part III(2) hereof,

and submits also

- (c) Supplementary Submission as to that part of the trade passing beyond the inland waters limits, as contained in Appendix IB hereto.

The whole, together with its appendices, respectfully submitted.

Dated at Toronto the 25th day of April 1955.

DOMINION MARINE ASSOCIATION,

an association of Canadian
Great Lakes owners trading
on the Great Lakes of North
America.

(1) Appendix V.

APPENDIX I

DETAILED PROPOSALS TO BE EMBODIED IN A TREATY

1. No vessel other than a vessel of the United States of America or a Canadian ship as hereinafter defined shall engage in the transportation of goods by water between a port or place in the United States of America and a port or place in Canada, within the Great Lakes, where the ports of loading and discharge are within the Great Lakes. In this Treaty, "Great Lakes" means Lakes Ontario, Erie, Huron (including Georgian Bay), Michigan and Superior, their connecting and tributary waters, including the River St. Lawrence as far seaward as a straight line drawn from Cap des Rosiers through West Point Anticosti Island extending to the north shore.
2. (a) "Vessel of the United States" means a vessel built in and documented under the laws of the United States.
(b) "Canadian Ship" means a ship registered in Canada.

APPENDIX IARESOLUTION OF THE SENATE OF THE UNITED STATES

83d CONGRESS

2d Session

S. RES. 175

IN THE SENATE OF THE UNITED STATES

January 7, 1954

Mr. Potter submitted the following resolution; which was referred to the Committee on Foreign Relations.

R E S O L U T I O N

Whereas the future security of western democracy, indeed that of the whole free world, depends ultimately upon the industrial might of the United States and Canada; and

Whereas the industries of these Nations depend to a great extent upon raw materials located in close proximity to the Great Lakes thereby making trade on these waters an indispensable factor in the growth and development of these countries; and

Whereas vessels of United States and Canadian registry engaged in Great Lakes commerce are essential to the defense of the United States and Canada as demonstrated in World Wars I and II and in the Korean conflict; and

Whereas vessels of foreign registry trading between both Nations on the Great Lakes are withdrawn from this trade in time of war or national emergency thereby placing a heavier burden on United States and Canadian vessels and at the same time jeopardizing the defense efforts of these two Nations; and

Whereas foreign ship operators, having lower construction and operating costs and having other advantages, place United States and Canadian ship operators in a seriously unfavourable competitive position; and

APPENDIX I (Cont'd)

Whereas United States and Canadian ship operators on the Great Lakes, unable successfully to compete with foreign flag vessels because of construction and operating cost differentials and certain tax escape clauses, will be driven from this field of commerce thereby resulting in curtailed fleets and a greater dependence on foreign flag vessels, which, when withdrawn from this trade in time of war will severely impair the industrial output of the United States and Canada for want of an adequate fleet of Great Lakes vessels: Now therefore be it

Resolved, That since no laws presently exist to restrict the right of any vessel to trade between the ports of the two countries on the Great Lakes, and since it is essential to the mutual security of the United States and Canada that this trade be preserved by mutual agreement to vessels of the United States and Canada, that the President of the United States is requested to direct the Secretary of State to undertake immediate steps with officials representing the Canadian Government to negotiate a treaty between these Nations declaring that no vessel other than a vessel built and registered in the United States or Canada be permitted to engage in the transportation of goods by water between a port or place in the United States of America and a port or place in Canada, within the Great Lakes, where the ports of loading and discharge are within the Great Lakes.

APPENDIX IBSUPPLEMENTARY SUBMISSION AS TO THE TRADE
EXTENDING BEYOND THE INLAND WATERS LIMITS

Since certain of the membership of this Association own and operate ships presently trading beyond the limits of the "Great Lakes" as hereinbefore defined, this Association joins with such other Canadian owners as may seek to restrict the coasting trade of Canada, on the east coast, to Canadian-registered ships.

The members referred to operate certain vessels in the bulk trade, chiefly engaged in the carriage of pulpwood and paper inwards to the Great Lakes area, and it is necessary to that trade to proceed somewhat further than the line drawn from Cap de Rosiers through West Point Anticosti Island to ports and places situate on the Canadian coast in the Gulf of St. Lawrence.

APPENDIX IIGENERAL STATISTICSTHE GREAT LAKES AREA

The two Canadian Provinces and eight States of the U.S.A. bordering the Great Lakes undoubtedly comprise the greatest industrial area in the world. This area contains a population of approximately 68 million people, or 40% of the combined population of both countries.

NORTH AMERICAN CENTRAL CONTINENTAL BASIN

This Basin, of which the Great Lakes Area is the heart, contains five Canadian Provinces and twenty States of the U.S.A. It includes some ninety-two million people and is the industrial keystone of the entire continent.

APPENDIX II (Cont'd)

The industrial capacity and importance of this vast area is indicated by the following percentages of the total production of both nations:

Iron and Steel	-	84%
Tanks and Munitions	-	80%
Cereal Grains	-	80%
General Manufacturing	-	63%
Chemicals	-	25%
Mineral Oil Refining	-	25%

The tremendous concentration of industry and output is not only served by, but has largely been created by the water transportation potential of the Great Lakes.

The volume of traffic is enormous and exceeds 200 million net tons annually, all transported in a shipping season of between seven and eight months each year.

About 40 million tons of this volume is carried annually by ships of Canadian Registry whilst about 160 million tons is carried by ships of United States registry.

Some indication of the growth of the inter-domestic trade between the United States and Canada is given by the following figures, representing net tons of goods carried between the two countries:-

1949	-	17,000,000 Net Tons
1951	-	20,000,000 Net Tons
1952	-	27,000,000 Net Tons
1953	-	29,000,000 Net Tons

In 1952, interchange of the four principal commodities of Canada and the United States, transported in Great Lake vessels, was as follows:-

<u>1952</u>			
IRON ORE	-	U.S.A. to Canada	3,682,000 Net Tons
		Canada to U.S.A.	1,735,000 Net Tons
COAL	-	U.S.A. to Canada	14,830,000 Net Tons
GRAIN	-	U.S.A. to Canada	15,800,000 Bushels
		Canada to U.S.A.	78,600,000 Bushels
LIVESTONE	-	U.S.A. to Canada	750,000 Net Tons.

<u>1953</u>			
IRON ORE	-	U.S.A. to Canada	4,130,000 Net Tons
		Canada to U.S.A.	2,050,000 Net Tons
COAL	-	U.S.A. to Canada	14,900,000 Net Tons
GRAIN	-	U.S.A. to Canada	11,800,000 Bushels
		Canada to U.S.A.	115,400,000 Bushels
LIVESTONE	-	U.S.A. to Canada	900,000 Net Tons

Approximate figure of investment by Canada and the United States in the provision of canals and other works effecting the navigability of the Great Lakes waterways:-

\$750,000,000

1.52

Cargo fleets of both nations on the Great Lakes at the close of the 1952 season:-

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APPENDIX II (Cont'd)

	<u>NO. OF VESSELS</u>	<u>GROSS TONNAGE</u>	<u>CARRYING CAPACITY PER TRIP LONG TONS</u>
UNITED STATES REGISTRY	435	2,420,249	3,620,897
CANADIAN REGISTRY	<u>263</u>	<u>837,240</u>	<u>1,212,750</u>
TOTALS	<u>698</u>	<u>3,257,489</u>	<u>4,833,647</u>

Based on an approximate value of \$175. per gross ton, the investment of each nation in vessels is as follows:-

UNITED STATES REGISTRY - \$423,543,575.

CANADIAN REGISTRY - 146,517,000.

TOTAL INVESTMENT IN
VESSELS FOR 1952 - \$570,060,575.

The cargo fleets of both nations on the Great Lakes in 1953 were:-

	<u>NO. OF VESSELS</u>	<u>GROSS TONNAGE</u>	<u>CARRYING CAPACITY PER TRIP LONG TONS</u>
UNITED STATES REGISTRY	432	2,488,678	3,720,397
CANADIAN REGISTRY	<u>264</u>	<u>843,131</u>	<u>1,222,550</u>
TOTALS	<u>696</u>	<u>3,331,809</u>	<u>4,942,947</u>

Using the tonnage for 1953 brings the amount of investment to:

UNITED STATES REGISTRY - \$435,518,650.

CANADIAN REGISTRY - 147,547,925.

TOTAL INVESTMENT IN
VESSELS FOR 1953 - \$583,066,575.

SUMMARY OF GREAT LAKES BULK TONNAGES,
COMPARING THE YEARS 1953 and 1954.

	1954	1953
	<u>Net Tons</u>	<u>Net Tons</u>
Iron Ore	68,088,941 (60,791,697) x	107,345,783 (95,844,449)x
Bituminous Coal	46,081,293	50,753,100
From Lake Erie	39,360,270	43,706,215
From Lake Ontario	2,552,023	3,039,885
From Lake Michigan	4,169,000	4,007,000
Anthracite	285,874	281,613
From Lake Erie	283,922	263,705
From Lake Ontario	1,952	17,908
Grain	11,866,241	14,317,229
From Lake Superior	10,945,630	13,756,896
From Lake Michigan	790,111	439,016
From Lake Erie	130,500	121,317
Limestone	24,975,440	26,999,207
	<u>151,297,789</u>	<u>199,696,932</u>

x Denotes gross tons.

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APPENDIX III

1. The Treaty of Paris, 1783, which concluded the War of Independence and, amongst its provisions, called for the setting up of a Commission to define the boundary between the two countries - that is to say, British North America and the new Republic - which necessarily passed through the waters of the Great Lakes. The Treaty was called the Definitive Treaty of Peace between Great Britain and the United States, Paris, 3rd September, 1783, and by its Article II, provided for the Commission as aforesaid.

2. Following upon the so-called War of 1812, we have the Treaty of Peace and Amity between His Britannic Majesty and the United States of America, signed at Ghent the 24th day of December 1814, which, by its Article VI, provided

"WHEREAS by the former Treaty of Peace, that portion of the boundary The said Commissioners shall meet.....shall, by a Report or Declarationdesignate the boundary through the said river, lakes and water-communications.....in conformity with the true intent of the said Treaty of 1783 (Article II)".

3. In the year 1817 there was an Exchange of Notes between Great Britain and the United States of America concerning the Naval Force to be maintained on the Great Lakes, Washington, 28-29 April, 1817, and by a Proclamation of the President, United States of America, Washington, 28 April 1818, it was provided that, on Lake Ontario, each country could maintain only one vessel of 100 tons burden, armed with one 18-pound gun, and, on the Upper Lakes, two vessels of 100 tons burden each, armed with one 18-pound gun each, and "no other Vessels of War shall be there built or armed".

4. The Ashburton Treaty was signed in behalf of His Britannic Majesty and the United States at Washington, August 9, 1842; various of its Articles recited that the joint Commission provided for under Article VI of the Treaty of Ghent had terminated its labours at a point in the Heblish Channel and made provision for the further designation of the boundary. By Article VII, open navigation of the River St. Lawrence at Long Sault and Barnhart Island was provided for, and that the Rivers Detroit and St. Clair

"shall be equally free and open to the ships, vessels and boats of both parties",

and in an exchange of notes between Lord Ashburton and Daniel Webster it was pointed out that there would be a short delay owing to the constitutional aspect and the necessity of Parliament enacting suitable legislation, but it was indicated that the powers of the Governor-General of Canada, as matters then stood, were sufficient to carry out that country's part.

5. In a treaty between the United Kingdom and the United States of America dated Washington, May 8, 1871, a Treaty of Amity and Navigation, Article XXVII provided that the Government of Her Britannic Majesty would urge upon the Dominion the use of the Welland and River St. Lawrence Canals by citizens of the United States; the United States undertook to allow navigation by Canadians of the St. Clair Flats Canal and, by Part XXVIII, of Lake Michigan.

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(a) Treaty with the United States relating to boundary waters, January 11, 1909, Article I:-

"..agree that the navigation of all navigable boundary waters shall forever continue free and open for the purposes of commerce to the inhabitants and to the ships...of both countries equally..".

6. The coastwise trade of Canada is provided for in the Canada Shipping Act, 1934, R.S.C. 1952, c.29, Part XIII, s.671:

" (1) No goods shall be transported by water or by land and water, from one place in Canada to another place in Canada, either directly or by way of a foreign port, or for any part of the transportation in any ship other than a British ship.

(2) No ship other than a British ship shall transport passengers from one place in Canada to another place in Canada either directly or by way of a foreign port."

7. In 1929 there was a Conference held in London, known as "The Conference on the Operation of Dominion Legislation and Merchant Shipping Legislation, 1929", reported in Cmd.3479 published by His Majesty's Stationery Office, London, 1930, and the Merchant Shipping Section rendered a report following upon the origin and purpose of the Conference, which was stated to be:

" 12. The Imperial Conference of 1929 also considered the general question of Merchant Shipping legislation. On this subject the Conference pointed out that, while uniformity of administrative practice was desirable and, indeed, essential as regards the Merchant Shipping legislation of the various parts of the Empire, it was difficult to reconcile the application, in their present form, of certain provisions of the principal statute relating to Merchant Shipping, viz., the Merchant Shipping Act, 1894, with the present constitutional status of the several members of the British Commonwealth of Nations. The Conference came finally to the conclusion that the general question of Merchant Shipping legislation should be remitted to a special Sub-Conference which it was thought might most appropriately meet at the same time as the Committee already mentioned."

And, in Part VI, it was said:

"Present Position.

83. The general position is that the Dominions are empowered by their Constitutions to enact laws relating to merchant shipping subject to varying limitations. For instance, in the constitutions of Canada and Australia 'Navigation and Shipping' is expressly mentioned as one of the matters in respect of which their Parliaments may legislate, but under legislation extending to the Dominions, or to the territories which now constitute the Dominions, which was enacted by the Parliament of the United Kingdom before 1911, and which is still the controlling legislation in respect of merchant shipping, the legislatures of the Dominions are treated as subordinate legislatures. The reason for this is not difficult to understand when it is explained that the Merchant Shipping Act, 1854, which was made for the situation existing at that date, is substantially the legislation which continues to be applicable to the

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Dominions. The Merchant Shipping Act, 1894, which with its amendments is now the governing Act, was merely a re-enactment of the 1854 Act, with the insertion of amendments made during the intervening years. In the year 1854 none of the Dominions as such was in existence, and it is obvious that legislation cast in a form appropriate to the constitutional status of the British possessions over half a century ago must be inconsistent with the facts and constitutional relationships obtaining in the British Commonwealth of Nations as that system exists to-day."

And it was recommended:

" 95. As shipping is a world-wide interest, in which uniformity is from the nature of the case desirable, there is a strong presumption in favour of concerted action between the members of the British Commonwealth in shipping matters, but this concerted action must from its nature result from voluntary agreements by the members of the Commonwealth; it should be confined to matters in which concerted action is necessary or desirable in the common interest; it should be sufficiently elastic to permit of alterations being made from time to time as experience is gained; and it must not prevent local matters being dealt with in accordance with local conditions. The kind of agreement which we have in mind in making our recommendations is one extending over a fixed period of years and providing for revision from time to time."

" 100. Uniform Treatment. -- (a) At present all British ocean-going ships are treated alike in all ports of the British Commonwealth and, as stated in the Resolutions of the Imperial Economic Conference of 1923, it is the established practice to make no discrimination between ocean-going ships of all countries using ports in the Commonwealth. In view of the importance that is attached to uniformity of treatment, it is recommended that the different parts of the Commonwealth should continue not to differentiate between their own ocean-going ships and similar ships belonging to other parts of the Commonwealth. Such uniformity of treatment is regarded as an asset of very considerable importance, especially for the purpose of negotiations with foreign Governments who may seek to discriminate in favour of their own ships and against British Commonwealth ships.

(b) Under the new position, each part of the Commonwealth will have full power to deal with its own coasting trade. We recommend that the Governments of the several parts of the Commonwealth might agree, for a limited number of years, to continue the present position, under which ships of any part of the Commonwealth are free to engage in the coasting trade of any other part.

(c) These recommendations are not intended to affect the right of any part of the Commonwealth to impose conditions of a general character on all ships engaged in its coasting trade, or to impose customs tariff duties on ships built in other parts of the Commonwealth or outside it, or to give such financial assistance as it thinks fit to its own ships."

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But

" (e) It is recommended that no part of the British Commonwealth should give more favourable treatment to foreign ships than to ships of other parts of the Commonwealth.

The Imperial Conference of 1930, which is reported in the Summary of Proceedings, Cmd. 3717 and 3718, H.M.S.O. 1930, said (at page 24), where the Report of the Conference of 1929 was reviewed:

" A draft of an agreement covering these points was this year prepared in the United Kingdom and circulated to the Dominions. The Conference examined this draft agreement very closely and came to the conclusion that, with certain alterations, it meets fully and satisfactorily the objects which Part VI of the 1929 Report had in view. The draft agreement as altered is shown in the Annex to Section VI (pages 32 to 37).

The draft contains, in the form of an agreement which is flexible but as precise as the subject matter will allow a statement of the matters in which, after examination in two successive years by representatives of the Governments concerned, it is considered that concerted action on a voluntary basis between the parts of the Commonwealth is essential in the common interest, together with the broad principles which should be followed in dealing with those matters. The Conference recommended that the agreement be made."

But, however, the note given at page 26 of this report is of the greatest importance:

"Canada reserves the right when signing the agreement to declare the extent, if any, to which the provisions of the agreement, other than those of Part I, shall not apply to ships navigating the Great Lakes of North America."

In 1930 Canada and the United Kingdom entered into a treaty giving reciprocal exemption from income tax of earnings derived from the operation of ships, signed at Ottawa, 8th May 1930, and finding its expression in the income tax legislation of both countries.

APPENDIX IVSHIPBUILDING COSTS:

The high cost of building a ship in Canada compared with the cost of building the same ship in Europe is almost entirely due to the high-cost standards of living in Canada, resulting in higher labour and material costs. Of the total cost of building a new vessel in Canada, more than 60% of the cost is paid in wages, not only to the shipyard workers, but also in prices paid to Canadian makers of machinery and equipment.

Average hourly wage of British Shipyard Workers	-	50¢
" " " " German " "	-	39¢
" " " " Canadian " "	-	1.30 - 1.87
depending upon geographic location of the shipyard.		

OPERATING COSTS OF CANADIAN VESSELS:

The Canadian Maritime Commission in its Sixth Report issued June 29th, 1953, shows the estimated daily operating costs for 10,000 tons deadweight standard war-built vessels (ocean type) excluding fuel and depreciation.

The information quoted in the Maritime Commission's report is repeated below:

<u>Vessel Expenses</u>	<u>Canada Ocean Vessel</u>	<u>United Kingdom Ocean Vessel</u>	<u>Canada Lake Vessel</u>
Total Wage Cost	\$316.50	\$140.50	\$324.00
Subsistence	66.00	48.00	70.00
Stores and Supplies	66.50	52.50	75.00
Repairs and Maintenance (including provision for surveys)	160.00	123.50	166.00
Insurance	129.50	119.00	134.00
Management	62.00	46.00	62.00
Sundries	15.50	14.00	20.00
	<u>\$316.00</u>	<u>\$543.50</u>	<u>\$851.00</u>

A third column has been added to the Maritime Commission's information to show the Dominion Marine Association's estimate of the cost of operating a Lake Vessel of the same size.

The above statement shows that the Wage costs on a Canadian Lake Vessel are 229% of those on a United Kingdom Vessel and the total operating costs quoted for a Canadian Lake Vessel are 152% of the cost of operating a United Kingdom Vessel.

APPENDIX VEXTRACTS FROM HANSARD, VOL. 96, NO. 87, PAGE 3848

<u>CANADIAN MERCHANT FLEET</u>					
<u>(SHIPS OF 1,000 GROSS TONS AND OVER)</u>					
	<u>March 31, 1948</u>		<u>November 30, 1953</u>		<u>% Of Increase or</u>
	<u>No.</u>	<u>Gross Tons</u>	<u>No.</u>	<u>Gross Tons</u>	<u>Decrease Since 1948</u>
Ocean-Going Ships					
In Foreign Trade	147	983,292	62	430,297	Decrease 56%
Ships In Coasting					
Trade	52	158,043	63	181,320	Increase 15%
Lake Ships -					
Canallers	167	316,919	176	343,070	Increase 8%
Upper-Lakers	60	298,748	72	452,434	Increase 51%
	<u>426</u>	<u>1,757,002</u>	<u>373</u>	<u>1,407,121</u>	

Percentages show the trend of present Canadian Shipping, with a large decline in the ocean-carriage trade, a small increase in the coasting trade, and a large increase in the Great Lakes trade.

BRIEF PRESENTED BY -

WEST POINT FERRIES LIMITED

for a ferry service between West Point, P.E.I. and
Buctouche, N.B.

April, 1955.

TO: THE ROYAL COMMISSION ON COASTING TRADE1. Designation of Applicant

The Applicant is WEST POINT FERRIES LIMITED, a body corporate, duly incorporated under the laws of the Province of Prince Edward Island, with head office at O'Leary in said Province.

2. Schedule

It is proposed to inaugurate the service with two round trips daily between West Point and Buctouche, on the following schedule:-

(Lead down)		(READ UP)	
7.00 a.m.	2.30 p.m.	Lv. <u>West Point</u>	Ar. 10.30 a.m. 6.00 p.m.
8.30 a.m.	4.00 p.m.	Ar. <u>Buctouche</u>	Lv. 9.00 a.m. 4.30 p.m.

The frequency of the schedule could be increased to a total of three round trips daily, if traffic so required.

3. Rates and Fares

Proposed ferry tolls are as follows:-

	<u>One Way</u>	<u>Return</u>
Passenger	\$.45	\$.80
Automobile	2.00	3.00
Truck 15 overall	2.00	3.00
" 15-18 "	3.00	4.50

(Tickets on passengers and automobiles interchangeable with Wood Islands and Borden; truck rates interchangeable with Wood Islands and Borden.)

4. Public Convenience and Necessity(1) General Transportation Situation

It is not proposed in this application to deal at any length with the transportation difficulties which have always faced the Province of Prince Edward Island. They have been adequately presented in the past on numerous occasions and are doubtless well known to this Commission. The history of the citizens of Prince Edward Island consists in no small measure of a struggle with the Northumberland Straits prior to Confederation and with the Federal authorities thereafter to obtain an economic life line to the mainland. Despite its great ^{natural} advantages in agriculture and fishing, and its industrious people, the failure of this struggle is clearly indicated by the following facts:

(a) During the period 1871-1950, the population of Canada increased by 100%; New Brunswick by 60.16%; Nova Scotia by 40.04%; Prince Edward Island by only 1.09%.

(b) A comparison of rural family earnings by Provinces shows an average of \$1,106 for Canada; \$1,310 for Ontario; \$579 for P.E.I.; Net cash farm income \$510 for Canada; \$626 for Ontario; \$380 for P.E.I.

The above comparison is for 1940. For 1954 it is believed the same proportions exist. In both comparisons Prince Edward Island is the lowest of any Province.

While certain other factors have contributed to some extent to the failure of Prince Edward Island to maintain a normal population and income gain, poor transportation has been the dominant factor.

(2) Present Transportation Facilities

(a) Formville, P.E. - Borden, P.E.I.

A train-carrying ferry service was inaugurated in 1917. This ferry had a capacity of 10 cars and 800 passengers. Automobiles or trucks could only be carried by loading on railway flat cars. In 1932, this boat was converted to make possible deck loading of automobiles to a capacity of 43. In 1931, a new ferry was placed in service with a capacity of 16 railway cars, 45 vehicles and 900 passengers. The old ferry was retained as a standby. Unfortunately, this new boat was sunk in 1941 and was not replaced until July, 1947. In the interim, the old boat carried on the service. The boat presently in operation has a capacity of 19 railway cars, 69 vehicles and 950 passengers. The original boat, first placed on the route in 1917, is still retained as a standby during winter months and is pressed into service during the summer months to endeavour to accommodate the travelling public.

It will thus be seen that the transport capacity has been increased by 9 railway cars and 69 vehicles since 1917.

(b) Wood Islands, P.E.I. - Caribou, N.S.

A ferry service for vehicles and passengers was inaugurated on this route in 1941, (see Map - MEMORIT "A"), designed to open up trade between the eastern section of Prince Edward Island and the Pictou - New Glasgow area in Nova Scotia. The inauguration of this service was vigorously opposed for many years by persons in authority who, no doubt, genuinely believed it was unsound economically. The degree of their incorrectness may be gauged by the following figures:-

WOOD ISLANDS, P.E.I. - CARIBOU, N.S.

	<u>Passengers</u>	<u>Motor Vehicles</u>		<u>Trucks</u>
1941	25,303	6,527	Including	629
1942	34,933	4,641	"	1,602
1943	39,457	6,483	"	1,281
1944	44,460	7,236	"	1,458
1945	46,005	8,352	"	1,877
1946	53,706	12,325	"	3,082
1947	54,785	15,741	"	3,713
1948	64,660	20,428	"	5,624
1949	67,438	21,611	"	6,269
1950	74,527	24,769	"	5,964
1951	78,744	26,010	"	5,952
1952	82,639	27,838	"	7,174
1953	80,486	27,888	"	6,816
1954	79,022	27,630	"	5,906
	<u>826,165</u>	<u>237,982</u>		<u>56,347</u>

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(3) Failure of Present Service to Meet Needs

(a) Borden-Tormentine Service

There are two principal reasons why this service is unable to adequately meet the transportation requirements of the western portion of Prince Edward Island.

(i) Distance Involved

The lengthy mileage from the western part of the Province via Borden is such that the movement of farm and fish products to the principal New Brunswick and United States markets is uneconomical.

As Page 12 herein (Comparative Mileage Table) indicates, the distance is reduced by more than 75 miles in many instances over the proposed route.

(ii) Time Element

While (i) above is substantial, of even greater importance is the matter of time lost travelling via Borden. The ferry service, is, of necessity, tied to the railway. Scheduled runs depend on the arrival of trains; departure of unscheduled runs depends on the loading and unloading of railway cars. Moreover, during the summer season, when vehicular traffic is heavy, the ferry, on any one departure, is not able to carry the traffic offering. Hence, a truck or automobile is obliged to wait for the next crossing, a minimum of $1\frac{1}{2}$ to $2\frac{1}{2}$ hours during the summer months.

Rail freight and express service are also extremely slow. A good portion of Saint John, Halifax and Montreal L.C.L. freight, for the western portion of the Province, is first taken to Charlottetown; at best, to Summerside and there transferred to other cars or C.N.R. Trucks. The average time for freight from Moncton to O'Leary is approximately 6 days. The average express from, say, Saint John and Moncton, provided it is picked up the day before, arrives between 8.00 and 10.00 p.m. of the same day - but too late for delivery at its destination on Prince Edward Island.

By truck, over the proposed route, goods could be picked up and delivered to the purchaser during business hours of the same day.

The rates to be charged on the proposed service are such as to put the producer and consumer in West Prince more or less on a parity with those who are not handicapped by the necessity of using ferries, and on a parity with the eastern section of the Province where the Wood Islands - Caribou Ferry has rates similar to those proposed here.

(b) Wood Islands - Caribou Service

It is obvious from the location of this service that it is of no value to the western section of Prince Edward Island.

(4) Proposed Service: West Point, P.E.I. - Buctouche, N.B.

EXHIBIT "A" (Route and Area Map) is a graphic illustration of the need for the proposed service, providing as it does a direct connection between the central point in one of Prince Edward Island's most productive agricultural and fishing areas and the principal manufacturing and consuming centres of New Brunswick.

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Page 12 herein (Comparative Mileage Chart) indicates the distance between points in Prince County and New Brunswick, travelling by the present Borden ferry and the proposed West Point Ferry. The great advantages which would accrue to the public in the affected area are obvious.

(5) Agricultural and Fisheries Production

The section of Prince Country which would directly benefit from the proposed service has an area of approximately 173,000 acres of improved land. The dollar value of agricultural production in this section for 1954, based on figures obtained from the Dominion Bureau of Statistics, is approximately as follows:

Field Crops	\$3,375,000
Livestock	1,725,000
Wool	13,000
Dairy Products	1,115,000
Fruit & Vegetables	111,000
Poultry & Eggs	832,000
Honey	2,800
Pulp	135,000
Miscellaneous	215,000
Total	<u>\$7,528,800</u>

Fishery production from the same area for 1954 was as follows:

Oysters	13,893	92,427.00
Cod	12,525 cwt.	\$ 31,743.00
Liver	14,015	2,830.00
Hake	7,086	11,220.00
Herring	52,441	49,249.00
Mackerel	8,970	26,219.00
Smelts	4,254	40,761.00
Lobsters	22,175	648,208.00
Clams (Bar)	3,694	5,960.00
Clams (Soft Shell)	1,710	8,304.00
Quahogs	1,474	5,107.00
Scallops	464	20,817.00
Irish Moss	88,228	110,285.00
Total		<u>\$1,053,130.00</u>

The total dollar value of agricultural and fishery products was \$8,581,930. This is net to producer - processing, labor, trucking to be added to this and would almost double the figure.

It is to be noted that in this whole area there is no industrial development of any kind whatever; no mining and no lumbering. Hence, there is no local consumption of any consequence of these products. This situation applies, as a matter of fact, to the whole of Prince Edward Island, and, as a result, the only available market is beyond provincial boundaries.

(6) Prospective Markets in New Brunswick

The inauguration of the proposed service would bring the cities of Moncton, Saint John and the military camp at Gagetown within practicable motor trucking distance of these agricultural and fishing sections. Indeed, the whole section of this Province which could be reached is industrialized to an extent which necessitates it bringing in products of this nature, and could be more efficiently served via the proposed ferry service.

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In addition, a type of market is opened up to the Island producer from which he is entirely cut off under present conditions but which is vitally important to the conduct of successful mixed farming operations.

This point does not require great elaboration. The relative prosperity of farmers living close to urban centres is axiomatic; the effect of the service is to place a very large consuming population within easy reach.

For example, the farmers of Prince County have no market for fresh milk and cream and are obliged to divert it entirely to butter and cheese, which is a serious disadvantage. Though conditions are ideal, there is little or no production of fresh fruits and vegetables, simply because there has been no accessible market. Generally, the production of all types of produce which is purchased by the ordinary consumer in an unprocessed state would be stimulated. The Department of Agriculture has always urged the greatest possible diversification of farming operations as a bulwark against depressed conditions. The introduction of this service will encourage this, in addition to the price advantage which would accrue from elimination of middlemen profits and lower transportation costs.

(7) Imports from New Brunswick

The introduction of the service would make feasible the delivery direct to the retailer and consumer of coal and a great many articles presently purchased in New Brunswick.

(8) Time and Labour Saved

Another factor is the cost in time and labour saved, to the farmer, particularly, through the pick-up and delivery service which would undoubtedly develop if the proposed ferry service were instituted. Apart from the immediate financial advantages of buying and selling direct, he would be relieved of the necessity of frequent trips to the railway station. Very often this caused the postponement of essential work to the detriment of his farming operations, and the relatively high cost of farm labour today, in addition to its scarcity, makes this point of a great deal more importance than in the past. Offhand, it might appear that the movement of bulky goods, such as fertilizer, coal, lime and lumber, by truck, could not be done economically as compared with rail. But, in many instances, the advantages of having these articles delivered at the farm, when required, and on short notice, would far outweigh the slight additional direct financial cost.

(9) Processing Plants Accessible on Mainland, but not Available on Prince Edward Island

1. Abattoir at Moncton, N.B.

There is only one abattoir on Prince Edward Island, located at Charlottetown, and its capacity is not nearly sufficient to meet provincial needs.

Swift Canadian has an abattoir at Moncton and a great many hogs are shipped to it from the relevant Prince County area. These hogs are collected by truck, loaded on railroad cars and shipped to Moncton. The trip takes at least twenty-four hours and there is considerable deterioration through bruising and loss of weight. Apart from this loss, the time and money saved in trucking the hogs directly to Moncton is obvious.

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In addition to the shipment of live hogs, the sale of live cattle would be made feasible, thus providing a new outlet to the farmers and relieving them of their present entire dependence upon the strictly limited local market for this product.

2. Fish Freezing Plant at Richibucto

One of the most serious disadvantages to West Prince fishermen is that no facilities are available in this area for fish freezing. As a consequence, their cod production - estimated at 1, 129,000 pounds in the area concerned - must go into dry or salted form, or cans.

There is, however, a large freezing plant at Richibucto, N.B., to which fish from the entire area could be readily trucked. The West Point service, therefore, would assist materially in putting these fishermen on a par with those of Nova Scotia and New Brunswick, while providing them with a wider market, with the accruing competitive advantages.

(10) Increased Traffic from New Developments

The large developments in New Brunswick at Gagetown Military Camp, the Bathurst mining area, Canso Causeway and the St. Lawrence Seaway Project, may reasonably be expected to increase the traffic to Prince Edward Island appreciably and also open up further markets for Island products. This proposed service would conveniently cater to this increased demand and provide the western part of the Province with a much needed exit and a boost to its hampered economy and tourist potential.

(11) To summarize briefly:-

In West Prince we have a population consisting almost entirely of farmers and fishermen. In the whole of Prince Edward Island there are only two urban centres, Charlottetown and Summerside, with a combined population of about 20,000 persons. They are more than adequately served by producers in the very immediate area. Yet, within a distance of a 125 mile arc, there is a very large urban and industrial population who presently import much of their foodstuffs from greater distances. The opening up of this market would be of inestimable value to both groups.

There are no tariff barriers between the two areas. The sole problem is the lack of adequate and efficient transportation. While, admittedly, considerable improvement has been effected since Confederation in communications with the Mainland, nevertheless, these improvements have not been sufficient to bring the people of Prince Edward Island to a parity with the rest of the country. Relatively speaking, its citizens are in the same position as they were 75 years ago. While other parts of Canada are able to derive the tremendous advantages of reaching markets through the development of improved highways and trucking facilities, the best that can be said for the western section of Prince Edward Island is that it has a reasonably efficient railway service. The water barrier, of course, can never be entirely overcome; but such steps as are reasonably feasible should be taken in all fairness. A ferry between West Point and Buctouche would place the western end of the Province on equal terms with the east.

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Transportation and the cost of transport is an effective determining factor in the economy of any people. The citizens of Prince Edward Island are industrious and hardworking. Their natural resources for farming and fishing are equal to any in Canada. Nevertheless, they lag far behind in material prosperity. To improve their status, they ask only that they be given access to wider markets.

(12) Tourist Possibilities

Sometime ago there was held in Charlottetown, a Canada-wide Convention of the Canadian Association of Tourist & Publicity Bureaux, including leading transportation and tourist officials from all over Canada, plus some from the United States, and those in attendance there stated emphatically that Prince Edward Island, with proper and adequate transportation facilities, has very real and great expansion possibilities for the tourist industry and commercial business. The tourist industry on Prince Edward Island provides a market for a great many high quality agricultural products produced here and thus puts ready cash into the hands of the farm communities, in addition to those directly offering tourist accommodation. The tourist attractions within short distances of the proposed West Point terminus consist of outstanding warm salt water beaches, trout fishing and deep-sea fishing. There is a good golf course at Summerside. There are innumerable attractive and pretty sites for tourist accommodation. The scenery in general is very beautiful. Heretofore, the tourist possibilities for this section of Prince Edward Island have not been developed, owing to a lack of transportation facilities.

Tourists coming from the United States, Quebec and Ontario would need to drive only 35 miles from Moncton to Buctouche to cross on the ferry to West Point, and from there they would be able to travel on paved highway from one end of the province to the other. They could return to the Mainland via the Wood Islands-Caribou route, or the Borden-Tormentine route. Tourists coming over by automobile or bus on the present existing routes, would find it attractive to return via the proposed West Point - Buctouche service.

It is also considered that, owing to the short distance from Moncton and to the crowded condition of their nearest beach at Shediac, many people in the Maritimes and other areas might establish summer homes on Prince Edward Island at the lovely beaches at West Point and in nearby places.

(13) Effect on Borden - Tormentine Route

It may be argued that the Government should not be asked to expend monies on additional ferry service which will be in competition with the Canadian National Railways, particularly in view of the substantial amounts which are now being expended on this route.

In the first place, it is contended that this argument must be rejected on the ground that such a position is not justified. The question is solely one of providing adequate transportation, not one of the amount of monies spent in attempting to provide transportation. In other words, this application must be decided on the question of whether or not the service is required and whether or not the cost involved is outweighed by the advantages, direct and indirect, which would accrue.

However, it is submitted that the net result of the proposed ferry would be to increase the volume of traffic between Borden and Tormentine.

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In 1940, the year previous to the establishment of the Wood Islands - Caribou service, when only one route to the mainland was in operation, namely, Borden - Tormentine, the total number of passengers ferries was 127,586 and vehicles 25,610. In 1954, the Borden - Tormentine route carried 299,416 passengers and 104,735 vehicles, the Wood Islands - Caribou route carried 79,022 passengers and 27,630 vehicles (other than trucks) and 5,906 trucks, as compared with 25,303 passengers and 6,527 vehicles in 1941, the first year of operation.

These facts speak for themselves. It is obvious that increasing transportation facilities in any manner is good for any particular route. This applies with additional force to the Borden route because improved business in Prince Edward Island will result inevitably in a greatly increased demand for heavy goods, the bulk of which will always continue to move by rail.

All of which is respectfully submitted.

P.M. McCaull

(sgd) P.M. McCaull

PRESIDENT,

WEST POINT FERRIES LIMITED

COMPARATIVE MILEAGE BETWEEN POINTS IN
PORT OF EDWARD ISLAND AND POINTS IN NEW BRUNSWICK VIA BORDEN AND EAST POINT

	MYRTON	SANIT JOHN	SUSSEX	FREDERICTON	MINTO	RICHMOND	CHATHAM	NEWCASTLE
O'LEARY	43 121	139 215	126 160	110 241	156 200	28 141	67 140	72 185
ALBERTON	56 126	152 220	105 175	123 246	170 241	41 43	89 185	85 190
ST. LOUIS	64 136	160 230	113 185	131 256	178 251	49 156	88 195	93 200
ST. LOUIS	59 130	155 224	108 179	126 250	173 245	44 150	83 189	157 194
ELSDALE	51 122	147 216	100 171	118 242	165 237	36 142	75 131	80 186
BLOOMFIELD	53 121	149 225	102 180	120 251	167 246	38 151	77 190	32 195
BRAE	43 119	139 213	92 168	110 239	157 234	28 139	67 178	72 183
ELLERSLIE	62 111	158 205	111 160	129 231	176 226	47 131	86 170	91 175
RICHMOND	64 120	160 194	113 149	131 220	178 215	49 120	88 159	93 164
WELLINGTON	69 97	165 191	118 146	136 217	183 212	54 117	93 156	98 161

COMPARATIVE ILLAGE BETWEEN POINTS IN
PRINCE EDWARD ISLAND AND POINTS IN NEW BRUNSWICK VIA BORDEN AND WEST POINT

	<u>MONCTON</u>	<u>SAINT JOHN</u>	<u>SIOUX</u>	<u>W. NEWBTON</u>	<u>MINTO</u>	<u>RICHIBUCTO</u>	<u>CHATHAM</u>	<u>NEWCASTLE</u>
MISCOUCHE	74	170	123	141	188	59	98	103
	90	184	139	210	205	110	149	154
SUMTERSIDE	79	175	128	146	193	64	103	108
	85	179	134	205	200	105	144	149

April 29, 1955.

G. G. McLeod, Esq.,
Secretary,
Royal Commission on the Coasting Trade of Canada,
490 Sussex Street,
OTTAWA, Canada.

Dear Sir:

This submission is made on behalf of the municipalities of the Georgian Bay, an area whose economy is vitally linked both to the transport of coal, ore, and grain by Canadian bulk carriers and to the yards in which are built these and other ships.

Of the just under 3,800 persons normally employed in the industries and factories of the Midland-Penetanguishene district of Simcoe County, the jobs of over 1,500 are directly related to shipping and shipbuilding. Close to half the industrial employment of the 7,500 people of the town of Collingwood also depends on the shipyard there and on Great Lakes shipping.

Indeed all along the shores of Georgian Bay and Lake Huron from Point-au-Baril to Kincardine are literally thousands of men and women whose livelihood is tied directly to the shipping and shipbuilding industries and the manufacture of ship components and supplies.

The depressed condition of the lake trade in grain and coal in 1954 had a very marked effect on local employment in the municipalities all along the Georgian Bay shores and the shipyards in Collingwood and Midland at present face a very bleak future. The Midland yard is employing only 16 persons against a normal complement of close to 600, and these 16 key persons are being held only against the remote possibility of future work. The Collingwood yard is expected to be in a similar state by mid-summer.

That the Great Lakes shipping and shipbuilding industries affect no small part of the entire economy of Central Canada is perhaps illustrated by the following facts:

1. There are to-day 25 different Canadian companies whose ships and shore installations on the Great Lakes represent an investment of over \$200 million. Since 1948, moreover, these companies have spent over \$54 million for 24 new ships, the largest of which have been built in the Georgian Bay yards.

2. One of these companies, Canada Steamship Lines, which operates the major Georgian Bay area shipbuilding yards, has a total investment in this lake commerce of over \$63 million and, in the last seven years, has built or is now completing eight ships -- ranging from 18,500 to 25,500 deadweight tons. These represent a total expenditure of about \$25 million.

3. No less than 47 Canadian manufacturers, some of the more important of which are located in the Georgian Bay area, are major producers of ship components.

4. The Canadian Great Lakes shipping and shipbuilding industries, directly and indirectly, give employment to over 10,000 persons. Canada Steamship Lines alone has over 4,100 employees who last year drew wages in excess of \$8,500,000. In addition, this company spends about three-quarters of a million dollars annually for foodstuffs and between \$2 and \$3 million for maintenance and repairs. It might be noted that Canadian seamen's wages are completely comparable to those in land-based industries and carry a bonus of board and lodging.

It is realized that the formulation of legislation governing this industry is not a problem the solution to which lies solely in the hands of government. The factors affecting it are many, and are in both the private and public domain. Yet there is a definite interdependence, we believe, between both the national and the local interest, and between the government and the companies which own the shipyards and operate the shipping companies.

Ship construction cannot, of course, be divorced from shipping, but, for the purposes of this brief, some points may perhaps be put forward separately.

Firstly, it must be granted that, under average conditions of demand, there may be too many shipyards on the Canadian side of the Great Lakes. True there are now engaged in the lake trade, as undoubtedly will be pointed out to your Commission by the shipbuilding industry, a great many bottoms whose useful life is nearing an end, either by reason of age or economy of operation. The small bulk carrier built near the start of the present century finds it difficult to compete under present relatively high labor costs. If there was an economic means of encouraging the replacement of these ships by larger, more efficient carriers, built and registered in Canada, there is no doubt that it would give a substantial fillip to all the shipyards of the Upper Lakes.

In this connection we would certainly support the continuation of the government's accelerated depreciation policy for a further period of years, and a tightening of operating standards which would ensure that older bottoms, purchased at virtually scrap prices from the United States, are not endangering the lives of Canadian seamen.

The basic reason why shipbuilding has come to a virtual halt on the Upper Lakes, however, is not so much the cost of new bottoms as uncertainties as to future government policy with respect to the casting trade, coupled with a slump in lake traffic.

In respect to all these matters, it would appear necessary for the government, under guidance from your Commission, to determine just how essential the existence of modern shipbuilding facilities is, firstly, to the future defence of this continent, and secondly, to the sound operation of our national economy.

If it is held that neither defence nor national economic reasons can justify government protection for, or assistance to, Great Lakes yards, then it would not appear justified for your Commission to recommend any further action with respect to the shipbuilding industry. It should probably be allowed to die a natural death from the low-cost competition of foreign yards. United Kingdom ship construction and ship operation costs are themselves about half those in Canada because of two-thirds lower wage scales.

If, on the other hand, by reason of either of these considerations, shipbuilding in Canada is held to be essential, some further governmental action is definitely needed.

Shipbuilding on the Great Lakes for many years has been a feast and famine industry. In war or in times of high lake traffic, it has boomed. In between times, it has sat around hoping for repair business.

As a result, not only has it failed to install the most modern of equipment but its labor rates have been uneconomic. Inability to provide stability of employment has led to hourly wages which had to be high enough to cover substantial periods of lay-off.

In contrast with the more stable shipbuilding industry abroad, therefore, the Great Lakes yards have been non-competitive. Indeed if, as, and when the St. Lawrence Seaway permits foreign vessels of greater tonnage to enter the Lakes, the chances of Canadian yards to compete for new construction are drastically dimmed. That, under the present conditions, the yards have continued to exist, has been in no small measure the result of the fact that there was no St. Lawrence Seaway.

Given an opportunity for relative stability of operation, even on a reduced scale, the Canadian Great Lakes yards could reduce costs and become a more competitive factor in the industry, although it would be foolish to suggest that, without some legislative protection and government assistance, they could meet the costs of the Jap, German, or even the British yards.

Whether it is practicable, or even desirable, that public funds should be used to keep in operation all existing yards, is a matter which national security considerations must determine.

If, however, as has been suggested previously, it might be wise to institute a plan of nucleus yards, it is recommended that the following be given consideration by the Commission:

1. Of all shipyards in Canada, those located on the Great Lakes are most strategically situated from the point of view of defence against possible enemy attack.
2. Of the major yards on the Canadian side of the Great Lakes, only two -- Midland and Collingwood -- are in communities whose economies are largely dependent on shipbuilding. The balance are in areas which have experienced, and are likely to experience in the future, considerable additional diversified industrial growth. These two districts, moreover, are the ones whose grain elevator trade will be hardest hit by the St. Lawrence Seaway.
3. As repairs and maintenance are likely in the future to constitute a not unsubstantial portion of the revenue of any Canadian shipyard, as this work is normally carried on during the winter lay-up, and as at the south-eastern Bay ports there now exists the large elevator capacity which makes winter cargo storage economic, the yards in Midland and Collingwood would appear logical choices. The Midland yard, which has perhaps the best harbor for launching the larger modern ships, is handicapped, however, by lack of a drydock.

(It is not necessary that government formally acknowledge any nucleus yard policy. The placement of government ship contracts over the next few years, however, could be in a pattern which would ensure the progressive implementation of such a policy.)

In respect to the broader field of Great Lakes shipping, we believe that it is in the national interest that Canadian coastal trade on the Great Lakes, as in the United States, be restricted to

ships of Canadian construction and Canadian registry. True this may, for a time, increase some shipping costs, but not to an uneconomic point.

The mass movement of coal, ore, grain, and oil will probably continue for some years in bottoms designed exclusively for the Great Lakes trade. Foreign labor costs are progressively rising and the time may not be too far distant when the smaller non-Canadian bottoms will be just as costly to operate as the larger Canadian carriers. To encourage foreign intervention in this trade for a short period would only induce temporary unemployment and depression in the Canadian industry and to little good purpose.

(In any event, the Canadian lower lakes bulk cargo fleet is likely to disappear on the opening of the Seaway with a consequent substantial lessening of employment for Canadian seamen on the Great Lakes and St. Lawrence.)

Indeed a case might be made for the complete restriction of Great Lakes waters to Canadian and United States ships. Certainly, if Canada is ever to develop a merchant marine, it will be the result of our natural economic resources, our ability to transport grain, ore, and perhaps eventually oil in our own bottoms. Whether a Canadian government, selling in a highly competitive international market, can give consideration to a policy which would restrict Canadian grain to Canadian ships is, however, another matter.

That Canadian coastal shipping should be restricted to ships of Canadian construction and Canadian registry would hardly, however, seem even to be debatable if we are to retain in this nation a domestic merchant marine of any appreciable size. Not only would such a restriction impose little if any economic burden on shippers, but it would ensure that the thousands of men and women whose livelihood depends on the eight month shipping season on the lakes is not entirely jeopardized. It would probably not be possible to debar from the coastal trade ships now registered in Canada but which may have been built elsewhere, but such a future restriction would at least retain for nucleus yards a reasonable volume of business against the time when defence requirements might dictate a quick and substantial expansion.

That the opening of the St. Lawrence Seaway will prove a magnet for foreign competition is already demonstrated by the rapid growth of non-Canadian ships on the lower lakes this past few years. The entire shipping trade on the Great Lakes, carried by both Canadian and United States bottoms, has been expanding in concert with the expansion of the area it serves. And that this growth will continue is supported in no small measure by the fact that along these lakes and the St. Lawrence River are the two Canadian provinces and the eight states of the U.S.A. which contain 68 million persons, 40 per cent. of the combined populations of both nations and perhaps the greatest single industrial area of the world.

But of the 200 million net tons of freight carried on the Great Lakes, 80 per cent. even now is carried in United States ships, in part because of the fact that for well over a century the laws of that nation have restricted the coastal trade of the United States to ships of United States construction and registry. Of this 200 million tons per annum, about 15 per cent. represents the growing commerce of an "international" nature between the United States and Canada for which ships of both nations compete.

It might also be noted that the Great Lakes trade is of a character which requires a large fleet of domestically-based bulk carriers and is not one which can be safely left to chance charter by ocean-going craft which may or may not spend a portion of their operational year on the Great Lakes. For example, 31 per cent. of the entire lake grain shipments normally take place in October and November, and in no small part to Georgian Bay ports. Average November shipments of grain in recent years exceed 50 million bushels.

We have not in this brief attempted to elaborate on the fact that the profits of British or other foreign ships trading into Canadian waters are not subject to Canadian taxes nor that there is no tariff on British-built boats coming into Canada as there is, for example, on British cars. It is perhaps sufficient to point out that the Canadian taxpayer will have a multi-million dollars stake in the St. Lawrence Seaway and that it is very unlikely that he would care to see that investment of tax dollars used to jeopardize the future of one of his nation's larger and more essential industries.

Nor have we attempted to point out the political and economic complications which might arise if Canadian ship-owners decided to transfer their bottoms to United Kingdom registry and to engage British seamen at lower wages, thus enabling them to undercut substantially current Great Lakes rates as now set by the Board of Transport Commissioners. That this might occur, however, is not beyond the bounds of possibility if one may judge from the recent virtual disappearance of our deep sea merchant marine. Indeed only on the Great Lakes does there now remain any substantial body of Canadian merchant seamen should such personnel ever have to be recruited for defence purposes.

In this general connection, moreover, the Commission might care to examine the legislation under which the handling of passengers, express, and freight by air between Canadian ports is restricted to planes of Canadian registry and determine just what, if any substantial difference, there is between the needs of these two domestic transportation industries.

This brief has not attempted to detail the statistical basis for the arguments herein. These will undoubtedly be submitted by other agencies with greater access to the pertinent facts.

We are confident, however, that our general conclusions are accurate and trust that they may be of assistance to the Commissioners in preparing their recommendations to the government.

We are also hopeful that your Commission may see fit to hold at least one day's hearing in this area, so that you may see personally the importance of shipping and shipbuilding to this part of Central Ontario.

Respectfully submitted for your consideration by

The Industrial Committee of Simcoe County Council,

Reeve Albert Calvert, Port McNicoll,

CHAIRMAN

The Advisory Committee on Local Employment
Midland Area - National Employment Service,

Alderman Clinton Smith, Midland,

CHAIRMAN

PARRSBORO AND DISTRICT BOARD OF TRADE

Submission to the Royal Commission
on the Coasting Trade of Canada

HONOURABLE COMMISSIONERS:

The Parrsboro and District Board of Trade begs leave to submit the following brief in support of:

- (1) The restoration of the Minas Basin Ferry Service.
- (2) The restoration of the shipping industry in the Parrsboro area.

The re-establishment of the Minas Basin ferry service would provide facilities that would aid in the restoration of Parrsboro as a coastal shipping point. Facilities for a ferry would also aid in implementing an expansion in the coastal fishing industry. What follows deals largely with the ferry service, inasmuch as upon it depend auxiliary enterprises.

From 1844 until the early years of World War II a ferry service was maintained continuously between Parrsboro and ports on the Kings County and Hants County shore of Minas Basin. During the peak years of World War II the service was suspended because the Federal Government desired to institute wartime economics. The ferry was operated by the Canadian Pacific Railway under Federal and Provincial subsidy and since vehicular traffic was considerably reduced, the Company withdrew the service. It is believed that the service was not a profitable venture for the Company in view of the fact that the schedule of operation was governed by tides and the type of ship used and the wharfage facilities could not be accommodated to the extreme rise and fall of Fundy tides.

In 1946 the Parrsboro Board of Trade and the Town Council of Parrsboro made some effort to have the service restored but met with no success. At the present time a concerted effort is being made to restore the service because it would be advantageous to the expanding tourist industry and would, as mentioned above, provide an improvement in shipping facilities and the fishing industry.

From 1902 until 1910 the ferry service operating under subsidy was not profitable but it is believed now with increased travel and the increased number of motor vehicles the opposite would be the case.

We believe that an understanding of the reasons for the non-profitable operation of the ferry service is necessary in determining the type of craft and facilities that would be required in order to re-establish this service on a profitable basis.

The following appear to be the reasons:

- (1) Dependent upon tides for landing at both sides of the Bay, the ferry ran about $3\frac{1}{2}$ hours per day.
Apart from the limit this would put on revenue, the annual overhaul costs were out of proportion to the service rendered by the ship.
- (2) During the low revenue periods in the winter, the operators were obliged to maintain the service since they had no option under the subsidy agreement.
- (3) The tidal landings meant an uncertain daily schedule which resulted in disappointments to the travelling public.

- (4) The facilities for handling vehicles both as regards embarkation and shipping space, placed a further limit upon the revenue.

In August, 1945, a survey was made respecting the provision of accommodation at the low water mark for a ferry service between the Kings County shore on the South side of Minas Basin and East Bay (Partridge Island) on the Cumberland County or North Shore of Minas Basin. This survey also undertook to review the possibilities of incorporating wharfage facilities for ocean going steamers into their plans. The results of the survey indicated that the most up to date and elaborate facilities would cost over two million dollars. The report concludes that the high expenditure could not be justified because shipping traffic was well provided on the Kings County shore by such ports as Port Williams, Hantsport, Kingsport and Wolfville. Considering the grandiose scheme as was then outlined, we do not wonder that the expenditure then was out of proportion but a desirable and practical ferry service and wharfage facilities need not be equal to that of the larger harbours on the Atlantic coast.

The report, based as it is, upon a most pretentious scheme does not suggest any technical impossibilities.

We believe that present travel modes, transportation of goods, mobility of the Armed Forces and the great increase in vehicular traffic, would justify a renewed investigation of the whole matter. Besides these factors we believe that the restoration of the ferry service, together with the construction of the necessary low water berths would provide public works that would do much to alleviate unemployment, not only in the field of ferry operation and wharf construction, but such facilities that would expand lumber shipping in the Parrsboro area and would as well, open up the fishing possibilities of Minas Basin. In conversation with lumber operators in the Cumberland area we have been assured that the shipment of lumber would be greatly increased should more adequate facilities be provided and this would allow for a more competitive price of lumber in this area. Below is given some statistics as regards lumber and pulpwood shipping from Parrsboro from 1946 to December 31st, 1954.

<u>U.S.A.</u>				<u>United Kingdom</u>	
<u>Years</u>	<u>Quantity Lumber</u>	<u>Value Lumber</u>	<u>Pulpwood</u>	<u>Value Lumber</u>	<u>Quantity Lumber</u>
'46-'47	nil			\$1,033,510.00	14 mil. ft.
'47-'48	nil			1,323,905.00	18 " "
'48-'49	530 mil.ft.	31,777.00		394,281.00	6 " "
'49-'50	1135 " "	71,093.00		399,157.00	6 " "
'50-'51	3090 " "	201,762.00	18,000.00	413,103.00	6½ " "
'51-'52	1923 " "	126,000.00	12,000.00	747,223.00	10½ " "
'52-'53	970 " "	71,622.00	6,000.00	471,571.00	11 " "
'53-'54	842 " "	61,372.00	6,000.00	729,217.00	9½ " "
'54-Dec 31	260 " "	18,125.00	7,000.00	559,102.00	8 " "
	8800	\$ 581,751.00	51,000.00	6,071,669.00	89½ mil.ft.

		<u>Value</u>	
Quantity shipped U.S.A.	8,800,000 sft	\$	581,751.00
" " U.K.	89,500,000 sft		6,071,669.00
	98,300,000 sft		\$6,653,420.00

Pulpwood 3,400 cords Value - \$51,000.00

In addition to above, a total of approximately 31,500 cords of pulpwood, valued at 572,000.00 was shipped to Provincial mills.

The periods of shipments are worked out on fiscal year (Customs) April 1st to March 31st each 12 months.

TOTAL VALUE SHIPMENTS

1947 to end 1954 - \$7,276,420.00

From the point of view of the tourist industry, which is no small part of the economy of this Province, it is evident that this ferry would expedite travel between the Annapolis Valley, Halifax and South Shore (Lunenburg Area). With the inauguration of the Bar Harbour-Yarmouth Ferry Service, tourist promotion would be given an added impetus by the Minas Basin ferry. For example, a journey from Bar Harbour to Yarmouth thence through the so-called Acadian Shore to Annapolis Royal and Port Royal Historical area, thence to the Land of Evangeline (Wolfville-Kentville area) thence ferry to the Parrsboro shore, thence Fort Beauséjour (Amherst area) thence to Magnetic Hill near Moncton and the Tidal Bore of the Peticodiac in the same area, thence to Fundy National Park, thence to Saint John and the Reversing Falls presents one of the prize packages in holiday tours that could scarcely be matched for scenery, historicity and economy.

The shipment of goods from Halifax to Moncton near the Nova Scotia-New Brunswick border, or from the Annapolis Valley to some point would be expedited by a saving in miles travelled as well as time. This is quite evident from a glance at the attached map. Distances from Yarmouth to Moncton; Lunenburg to Moncton; Halifax to Moncton, via a Minas Basin ferry to Parrsboro would provide a saving of from 25 to 166 miles and hours in proportion. Agricultural producers in the Annapolis Valley would have a short route to outside markets which they deem so desirable and manufacturing in Moncton, Amherst and products of Prince Edward Island would have a short route to Yarmouth for the New England States. The Department of National Defence installations in the Annapolis Valley and New Brunswick would also find shipping a benefit.

The increase in the number of registered motor vehicles in Nova Scotia would evidence the need of more direct routes to prevent congestion of traffic at some focal points; e.g. - Truro. Figures are given below to show the tremendous increase in the number of vehicles that present a potential for using the ferry. Figures are also given for the year before the outbreak of the Second World War and also the registration of the year 1941, when the ferry service was suspended.

<u>1938 -</u>	<u>Passenger Cars</u>	<u>Commercial Vehicles</u>	<u>Motorcycles</u>
<u>1938</u>	40,876	9,860	272
<u>1941</u>	47,208	13,821	669
<u>1954</u>	88,200	34,400	1,200

Until the recommendations of the Commission under Sir Andrew Rae Duncan were carried out the coal mines at Springhill shipped through Parrsboro 10,000 tons of coal per month. This quantity was moved to ports in the Bay of Fundy and the New England States by small coastal steamers and schooners. This shipping was carried on from 1910 until about 1927 which would indicate that Parrsboro is not unfavorable for navigation.

The population of the town of Parrsboro has been adversely affected by the dissolution of shipping and the discontinuance

of the ferry service. This is plainly evident from the population figures provided by the Dominion Bureau of Statistics.

<u>Year</u>	<u>Population</u>
1911	2,224
1921	2,161
1931	1,919
1941	1,971
1951	1,900

In view of the above, we would urge the Honorable Commissioners to observe that the future of the Town of Parrsboro and surrounding communities is insecure unless and until its natural location is prosecuted to advantage.

We have the honor to be,

Yours faithfully,

P.W. Wright,
President.

Rev. W.R. Anthony,
Secretary.

T. McAvity & Sons, Limited

Saint John, N.B.
April 27, 1955.

The Secretary,
Royal Commission on Coasting Trade,
490 Sussex Street,
Ottawa, Canada.

Dear Sir:-

As a Company which has been doing business with the Shipbuilding Companies of Canada for many, many years, we feel that we should make this submission to your Commission and to state that we consider it in the best interest of Industry in Canada, that the Coastal trade of Canada be reserved to ships built and registered in Canada.

The Head Office and Manufacturing Plant of this Company is situated in Saint John, New Brunswick. It manufactures valves and fittings in bronze, iron, steel and aluminum for the Shipbuilding Industry and during the past eight years the dollar volume of these products sold to this industry has exceeded \$1,700,000.

We estimate that the man hours of employment provided by the above volume of business indicated in the preceding paragraph amounted to approximately 150,000 - 160,000 hours.

The outlook for business of this nature in the current year, 1955, is obscure, although at the present time we are still doing some work for the Naval Programme. On completion of that programme, however, the prospects are anything but bright as there is no indication that our Canadian Shipbuilding Industry will be able to compete with foreign builders. There will therefore be a great deal of surplus capacity in the Plants of the Manufacturers of component parts such as ourselves.

Shipyards in this country are handicapped in obtaining orders in competition with yards in the United Kingdom, Italy, Germany and Japan, due to the high-cost standard of living in Canada, resulting in higher labour and material costs. Due to the difference in building costs and the fact that foreign yards can now promise reasonable deliveries, Canadian yards have lost virtually all orders for foreign ships. With the transfer of the greater part of the Canadian deep sea fleet to British Registry, repair work on ocean going ships has fallen off drastically. It appears to be a reasonable prediction that with the tapering off of work on the Naval Programme, and without orders for foreign ships, and without the normal volume of repair work on Ocean going ships, Canadian shipyards and manufacturers of components will be obliged to depend for most of their business on the Coastal Trade of Canada. If this is reserved for Canadian built and Canadian registered ships there will be work for a continuing volume of business for these industries, that will enable them to maintain a reasonable level of employment.

We trust that this submission will receive your very kind consideration, all of which is respectfully submitted.

Yours very truly,

T. McAVITY & SONS, LIMITED

Per W.A.S. Case
Executive Vice-President.

May 17, 1955

The Secretary,
The Royal Commission on Coasting Trade,
490 Sussex Street,
OTTAWA, Ontario.

Dear Sir:

Atlas Steels Limited is vitally interested in the welfare of the Canadian shipyards industry and submits the following brief to be presented at the hearings at the Royal Commission on Coasting Trade.

Brief in Support of the Submission of
The Canadian Shipbuilding and Ship Repairing Association
In Respect
To
The Canadian Coastal Trade

Close to two-thirds of our (Atlas Steels Limited) income comes from sales to Canadian customers. Hence we can only maintain a profitable existence if these customers continue to prosper.

We are concerned with the precarious position in which the Canadian shipyards now find themselves - and with good reason. This industry last year provided us with close to \$750,000.00 in sales. This figure does not include a very sizeable income from sales to marine parts' manufacturers.

Our immediate monetary concern, however, is secondary. It is the future of the shipyards that appals us. The numerous developments that have taken place at Atlas during the past few years, costing some eight million dollars, were executed with the future needs of Canadian industry in mind. With adequate capacity for the demand at that time, such speculation was a gamble, at best. But we felt, and we feel more surely to-day, that Canadian industry must expand - and that its specialty steel requirements will grow proportionately.

Our Canadian National Defense policy must certainly cover the nation's future requirements. Long range policy makers will recognize the shipyards' position to-day as a danger signal in our National Defense structure.

Should Canada find itself involved in another war or trade crisis, our shipyards would no doubt be called forward. Along with them, the many hundreds of shipyard suppliers, including Atlas, would also come forward. Together we would supply the Canadian government with much more than ships. We would bring a fund of special "know how" that would help supply better ships in less time. At Atlas, for instance, we have for many years produced steels to the rigid specifications set for Lloyds and other special naval materials. Orders such as these give birth to men at Atlas with special talents for the job gained through experience - and experience only.

If the Canadian shipyards are allowed to gradually cease operations, it will be an ineffective group that will answer Canada's call in time of need.

Atlas Steels Limited looks with hope to the years ahead and strongly opposes legislation which hinders the free development of a Canadian industry.

We look forward to seeing not only more ships being built in Canada, but better ships. In other words, our interests

lie not only in the continuance of the industry, but the development of the industry. This means long-range protective legislation for the Canadian shipyards.

Very truly yours,

ATLAS STEELS LIMITED

C.L. Bailey,
Vice-President.

THE TRADES AND LABOR CONGRESS OF CANADA

Mr. Chairman and Members:

The Trades and Labor Congress of Canada is pleased to have this opportunity to present its views on the coasting trade of Canada and related matters to your Commission.

The Trades and Labor Congress of Canada is the oldest and largest national central labor body in Canada. Its affiliated membership exceeds 600,000 and embraces the major part of the workers employed in water transportation and the shipbuilding and repairing industry.

The organizations having members employed in these industries and on whose behalf this submission is presented are:

In shipping:

Seafarers International Union (unlicensed)
Canadian Merchant Service Guild (deck officers)
National Association of Marine Engineers (engineer
officers)
International Longshoremen's Association

In shipbuilding and repairing:

International Association of Machinists
United Association of Journeymen and Apprentices of
the Plumbing and Pipe Fitting Industry of the
United States and Canada
International Brotherhood of Boilermakers, Iron
Shipbuilders, Blacksmiths, Forgers and Helpers
of America
United Brotherhood of Carpenters and Joiners of
America
International Brotherhood of Electrical Workers
Sheet Metal Workers International Association
Brotherhood of Painters, Decorators and Paper Hangers
of America
International Union of Operating Engineers
International Association of Bridge, Structural and
Ornamental Iron Workers, Shipyard Riggers, Bench-
men and Helpers

The numbers of members of the foregoing organizations employed in the industries and economic areas encompassed in your terms of reference run into thousands, and it can be readily appreciated that the prime interest of The Trades and Labor Congress of Canada and its affiliated organizations is in the present and future employment potentials of these industries and activities. However, we as a Congress view Canada as one country and one economic unit, and the health and employment opportunities of one industry or group of industries as being closely associated with similar conditions in others within the country.

The coasting trade of Canada is an important and necessary facet of our day to day life and of our economy generally. It cannot be divorced from our overall transportation enterprise in general nor from the shipbuilding and repairing industry in particular.

Canada, however, does not rely entirely upon domestic trade; on the contrary, our economic growth has been, and still is, greatly dependent upon international trade. This, perhaps, is most clearly evident from the fact that Canada is now the third largest trading nation in the world.

It is one of the spectacular contrasts in our national economy, or perhaps one of the glaring anomalies, that the third place trading nation possesses almost no merchant fleet engaging in international water transportation.

In our opinion, deep sea shipping as a possible and desirable Canadian economic activity cannot be divorced from the shipbuilding and repairing industry any more than coasting trade can be considered separately from the shipbuilding and repairing industry. It is therefore our intention to consider all of these activities as having a direct bearing upon each other, and we are pleased to note that your terms of reference appear to provide for your consideration of them in similar terms.

The shipbuilding construction and repair industry is currently in a state of depression. The number of workers engaged in this industry has sunk to a low of approximately 20,116 workers. This is a remarkable figure when one considers that in January, 1946 - 31,117 workers were employed in the industry.¹ Since the end of the Korean War the number of shipbuilding employees has declined steadily. All employment forecasts indicate this 20,116 figure will decline even further. The major bulk of current shipyard work has to do with naval construction. Orders for domestic commercial vessels account for very little of current shipyard construction. Canada can look forward to longer and longer lines of workers seeking jobs in the shipbuilding areas in the Great Lakes, the St. Lawrence River and the eastern coast.

Two reasons have been advanced for this decline in shipbuilding and repairing activity and employment. -

1. Lack of demand for its services from Canadian Shipping, and -
2. The industry's inability to compete because of high costs. And the high costs have been blamed almost entirely on the wage levels.

Wages in the Shipbuilding and Repairing Industry, however, are not out of line with earnings in other comparable areas of employment in Canada. Average weekly earnings in January, 1955 in shipbuilding stood at \$58.01 compared with \$60.89 in all manufacturing in the same month?/

It is true that average weekly earnings in Shipbuilding and Repairing in the years 1946 to 1954 were generally higher than the All Manufacturing Average; however, a closer comparison, with the industries supplying railway equipment, shows that average weekly earnings in shipbuilding have been consistently lower in all of the years for which comparison is possible, (from 1951 to 1955)?/

In this connection it should be noted that Canada has followed a policy of subsidizing the railways throughout this century and for several years prior to 1900. The Congress is not objecting to the subsidization of railways and the consequent benefits which thus accrue to the railway supply industries, but it is not worthy that shipping subsidies over the same period of years were of such a nature as to encourage ships of other countries to provide services where needed by Canada and Canadian trade and thus failed to produce comparable advantages to the shipbuilding and repairing industry in Canada.

In our opinion, the shipbuilding and repairing industry of Canada is not competing with similar industries abroad.

This statement and the reasons for it will be elaborated later in this submission.

Water transportation, on the other hand, is a growing enterprise in Canada. Employment in water transportation has been growing steadily since 1946. In January of that year this figure stood at 20,047. In January, 1955 it was 32,012 - an increase of about 60 per cent^{4/}

In this growth, which in general terms matches the continuing economic growth of Canada, lies the hope of the shipping industry itself and the shipbuilding and repairing industry, provided appropriate measures are taken in time to allow these industries to share in the growth of Canada and Canadian business.

The building of the Seaway has aroused new interest in trading possibilities. Increased cargo tonnage is expected to move through our inland waters of the Great Lakes - St. Lawrence basin. Yet while our shipbuilding industry languishes, other countries are building vessels with an eye on this profitable trade.

While water transportation was growing and overall employment within this field of enterprise was increasing in consequence, our shipping industry was being depleted, with resulting reduction in employment opportunities.

From March 31, 1948 to March 31, 1955 approximately 4,650 seamen have lost their jobs through the sale or transfer of Canadian ships to other countries. With the reduction of the 10,000 tonners from 110 in 1948 to 5 in 1953, the most dramatic decrease in employment took place here. These deep sea ships which once numbered crews totalling 3,850 now employ all of 175 men, a drop of 3,675^{5/}

It has been claimed that high costs, resulting almost entirely from high wage levels, accounted for this discouraging situation, but this claim is not supportable.

Earnings in water transportation are low in comparison with other transportation undertakings and with the All Manufacturing Average. In January of this year these figures were: Water Transportation \$56.63; Railway Transportation \$70.38; Truck Transportation \$61.67; and the All Manufacturing Average \$60.89^{6/}

From the standpoint of wages, the shipping industry cannot be claimed to be suffering from high costs due to high wages in its competition with other normal forms of transportation within Canada. However, two factors enter this picture which tend to becloud it. Rail and highway transportation enterprise is not subject within itself to the same competitive forces which shipping must face. An unrealistic carryover of ancient practice in our coasting trade has retained an unfair competition in this field.

Under the terms of the British Commonwealth Shipping Agreement, 1931, our coasting trade is open to all Commonwealth ships^{7/} This confronts Canadian shipping with a type of competition in the coasting trade which is on the one hand difficult to meet and on the other without direct parallel in the rail and highway transportation fields. This can and should be corrected with consequent advantages to the Canadian shipping industry.

The other factor arises from the fact that the shipping industry must compete internationally. As in the case of the shipbuilding industry this competition is not a direct one with international carriers. This statement and the reasons for it will be elaborated later in this submission.

The removal of this unnecessary competition or the threat of it from Canadian shipping in the coasting and inter-coastal trade would strengthen the position of the industry. It would also tend to provide increased employment opportunities.

We therefore ask your Commission to recommend that only Canadian built and manned ships be allowed to engage in the coasting trade of Canada.

To confine the coasting trade of Canada to our own Canadian built and manned ships would place our industry in a position similar to that enjoyed by the comparable industry of the United States. However, it would appear that to carry through such a recommendation would require either the abrogation of the British Commonwealth Shipping Agreement or its re-negotiation.

In this connection we would draw your attention to the present provisions of the Customs Act, Section 287, and Coastal Trade Regulations P.C. 1955-222 February 17, 1955; and the Custom Tariff Act, R.S.C. 1952, Items 440 and 440(a)⁸/. Appropriate amendments to these measures could provide substantial protection for our coastal and intercoastal shipping.

We would also draw your attention to the situation in Australia and to the methods by which that Part of the Commonwealth has dealt with its own coasting trade⁹/. We ask your Commission not to recommend any measures of this sort for the protection of our shipping in the coastal and inter-coastal trade of Canada.

We would further draw your attention to the Canada Shipping Act, section 673, which provides power to the Governor in Council to suspend the coasting laws¹⁰/. We ask your Commission to recommend that waivers under this section be granted only under emergency or conditions of absolute and proven necessity.

Water borne trade between Canadian and United States ports appears to be growing. The potentialities of the ore trade provide a case in point.

Quite apart from the normal water borne traffic between Canadian ports and countries other than the United States, we ask your Commission to give consideration to the conditions surrounding water borne transportation between Canadian and United States ports in the inland waters, and especially those of the Great Lakes - St. Lawrence basin.

We ask that your Commission recommend that, where necessary, agreement be reached between Canada and the United States which will limit water borne trade between Canadian and United States ports on the inland waters of the Great Lakes - St. Lawrence basin to Canadian and United States built and manned ships on an equal and equitable basis¹¹/.

In making this request we have in mind not only the assurance of employment opportunities of our affiliated members who are or may in the future be engaged in such trade, but also the desire to see that the exploitation of our resources shall result in improved earning and living standards for Canadians, whether directly or indirectly.

If your Commission were to recommend the adjustments we have suggested in relation to coasting trade and to the inland waters traffic, we believe that these improvements in these areas

would be reflected in improvements in the position of the shipbuilding and repairing industry.

However, we are of the opinion that further consideration should be given to the shipbuilding industry and to factors which influence its activities which are outside and beyond those arising from shipping enterprise in the coasting trade and traffic on our inland waters.

During World War II it became necessary and desirable that ships capable of ocean cargo carrying be supplied, and our shipbuilding industry became one of our vital war industries. Our deep sea fleet at the end of the war, and for some years thereafter, was a noticeable factor in our Canadian economy supplying both revenue and employment. After the post war adjustments our deep sea fleet stood at 155 vessels on March 31, 1948. In these ships more than 5,700 seamen of all ranks were employed.^{12/}

By March 31, 1955 this fleet had been disastrously depleted. On that date our deep sea fleet, as the result of sales and transfers to other registries, stood at 29 vessels employing only 1,129 seamen of all ranks. This represents a drop of 4,653 in opportunities for the employment of seamen.

Whatever may have been the basic or evident reasons for this drastic change in the position and size of our deep sea shipping operations, it cannot be denied that this represents a serious loss to Canada. The shipbuilding industry was one of the greatest losers' on investments, on competitive ability, and on skills of its employees.

It has been claimed that the decimation of our deep sea fleet was unavoidable because of high costs in relation to the operating costs of competing shipping industries of other countries. Prime Minister Louis S. St. Laurent said in a statement on the subject in the House of Commons on December 9, 1949 that "Canadian flag vessels are no longer able to pay their way" and, he went on, "It is economically unwise to continue maintaining a merchant fleet"^{13/}

It has also been said that high wages in the shipping industry were the high cost item which was most difficult and accounted for the deletion of the merchant fleet. However, this is not supportable from the facts.

Canadian operating costs for comparable ships are not the highest in the world. United States costs are higher.

At the same time, wage costs are not the major factor in determining operating costs. The wage cost factor for a Canadian 10,000 ton vessel amounts to about 31½ per cent of daily operating cost.^{14/} The other 68½ per cent obviously has a far greater effect on the total and the ability to meet competition.

Another consideration also arises here. The wage factor in such a Canadian vessel is far lower than in a comparable United States vessel. The daily cost of operating a 10,000 ton United States vessel on the Great Lakes, for example, runs about \$1,500.00. Of this the wage cost amounts to 46½ per cent.^{15/} In other words, the Canadian wage cost factor is not only lower quantitatively but also percentage-wise.

On the other hand, operating costs are lower for ships of countries other than Canada and the United States. And

wages paid to seamen of all ranks employed in those vessels are lower. But again this is not the whole story, and the lower wages paid do not provide the sole factor which determines whether Canadian deep sea ships can operate profitably.

In considering this matter we would draw your Commission's attention to the fact that the Canadian deep sea shipping industry was not in the past, would not be now, nor in the foreseeable future, competing with other shipping industries as such. What they must face is competition in this field which results from other national attitudes and policies.

Other countries are apparently determined to maintain and operate deep sea merchant fleets regardless of cost, and as a result they provide for the maintenance of shipbuilding industry on a continuous basis. In our opinion any consideration of our Canadian situation in these two related industries will fail unless this overall view is taken. Any recommendations your Commission may make without taking these facts into full consideration can only result in makeshift arrangements.

Consider the United States, for example. The United States is determined, apparently regardless of cost, to have a merchant marine. It therefore subsidizes the industry up to the extent it deems necessary. Under its Merchant Marine Act, the U.S. Government pays both construction and operating subsidies to achieve parity of costs between domestic and foreign shipbuilders and operators. With a gross national product of \$364,000,000,000.00 the United States spends \$400,000,000.00 on its merchant navy. A comparable expenditure of Canada, with a gross national product of \$24,000,000,000.00 would be \$26,000,000.00.

The United States has provided its merchant shipping service with further protection through the passage of a Cargo Preference Act in 1954.^{16/} This Act includes a continuation of the principle originally embodied in the terms of American Mutual Aid. The Act stipulates that at least 50% of all cargo shipped under mutual aid or economic assistance must be carried in ships flying the U.S. flag.

The Trades and Labor Congress of Canada holds no special brief for subsidies. Other countries determined to maintain a merchant marine, however, do so in many ways. Their subsidies take the form of tax write-offs, rebates, and depreciation advantages. The following countries take measures to encourage national ship operation: Argentine, Australia, Belgium, Brazil, Denmark, France, Germany, Greece, India, Italy, Japan, Netherlands, Norway, South Africa, Spain, Sweden, Switzerland, and the United Kingdom. Here are a few examples of these "subsidies":^{17/}

1. In Denmark, the government allows 50% of the cost of constructing a new vessel to be written off immediately upon the signing of the construction contract.

2. In France, in addition to accelerated depreciation, there is also a provision for a substantial operating subsidy.

3. In Sweden, provisions regarding depreciation are such that the owner of a new ship can write off the cost of his vessel in whatever period he chooses.

4. In Italy, in addition to a very high construction subsidy, all revenue derived from new ships for the first three years is exempt from income taxes.

FOR ALL REFERENCES SEE APPENDIX

17/ Report on Shipbuilding and the Merchant Marine contained 1954 Proceedings of Metal Trades Department of the American Federation of Labor - Page 24.

It has been suggested that it is not economical to continue operating a deep sea fleet of merchant ships under the Canadian flag. It has also been suggested that to lose this source of revenue and employment is not of serious economic consequence to Canada. The idea apparently is that those who were employed in such "uneconomic enterprise" will be better employed elsewhere and that the lost revenue will be recovered from other activities. The question your Commission must weigh, in our opinion, is whether an economy which relies so greatly upon international trade should, as a conscious definition of policy, insist upon weakening its trading position by refusing encouragement to the development of an appropriate merchant fleet.

Too often economists have a habit of looking at only one side of the coin. Of necessity a coin has two sides. Our coins have the head of the Queen on one side and on the other appears the amount the coin is worth as a medium of exchange. It is easy enough to add up the total value of our "economic" activities; it is usually difficult to add up the value of our other activities, however constructive and important to Canada. In their adding up of the "economic" aspects of the shipping industry we suggest that the economists have forgotten the personnel side of the coin. We urge your Commission not to do so.

This Congress believes that Canada should possess a merchant marine commensurate with its economic needs and its international trading position. That this could be achieved within a short space of time is not likely. However, unless policies are agreed to and made effective within a reasonably short time both the shipping industry and the shipbuilding industry will have to suffer unnecessarily the effects of uncertainty, instability and frustration, and consequent reduction of employment opportunities.

We therefore ask your Commission to recommend that adequate and appropriate measures be taken to encourage the development of a Canadian merchant marine commensurate with the coasting needs of Canada and its international trading position.

If this recommendation were carried out, it is our opinion that the new vigor it would create within the shipping industry would be such as to spill over into the shipbuilding and repairing industry with consequent improvement in its position.

It must at the same time be recognized that, the shipbuilding industry having the characteristics of feast or famine, its costs are necessarily different from what they would be were it to have an opportunity to become established. From our point of view we can see only gains to be achieved from a change of national policy which would replace the present chaos in the shipbuilding industry with confidence and long term business anticipation.

The recruitment of satisfactory employees with the necessary skills may be difficult. This is not unreasonable since the industry so far has shown so little ability to sustain continued employment. To overcome this problem is, however, not impossible. What is needed is the knowledge and feeling within the shipbuilding industry and its employees that the Government of Canada has committed Canada to a long term shipping policy which will have consequential effects upon the shipbuilding industry.

The shipping industry also faces problems in maintaining sufficient trained personnel. We ask your Commission to give consideration to this fact when making your recommendations.

In this connection too we feel that your Commission should not ignore the importance of a merchant fleet and a stable shipbuilding industry as a vital adjunct of defence.

Your Commission will have noted that the main points we have been making are:

1. That Canada is a growing nation which requires expanding water transportation services.
2. That coasting and intercoastal trade should be reserved for Canadian built and manned vessels.
3. That trade on our inland waters should be reserved to Canadian and United States vessels on an agreed equal and equitable basis.
4. That our international trading position requires a commensurate merchant fleet.
5. That our shipbuilding industry should be stabilized, which would be possible if the foregoing adjustments were made.
6. That recruitment and maintenance of adequate forces of trained personnel in both industries pose real problems.
7. That an adequate merchant fleet and a stable shipbuilding industry are a vital part of our national defence.

The one other point we wish to establish is that, while we are fully aware of the basic need to maintain our national activities on a sound economic foundation, there are other considerations in national policy. The Trades and Labor Congress of Canada believes in Canada's future. The development of Canada as an economic and political power among the nations of the world is dependent upon our economic growth at home and our ability to deliver the goods wherever they are needed and on time. Thus our growth and development as a shipping and shipbuilding nation is as important as is our development as a producer of uranium, gold, iron, oil, paper or wheat.

The Trades and Labor Congress of Canada has been pleased to have this opportunity to present its views to your Commission on these vital matters. We hope that our recommendations and requests will have your earnest consideration and approval, and that out of your important inquiry and investigations will emerge new national attitudes and policies which will encourage the development of a shipping industry and a shipbuilding industry in Canada which will be second to none in efficiency and stability, and which will provide stable employment for our affiliated members. In this way we believe your efforts will have been fully justified and Canada become an even better place in which to work and to live.

We note your Commission's intention to hold hearings in various places in Canada when we may elaborate upon the points we have made and discussions may develop upon other relevant matters. We hope to have this opportunity at a convenient place and time.

Respectfully submitted,

EXECUTIVE COUNCIL

THE TRADES AND LABOR CONGRESS OF CANADA

APPENDIX OF REFERENCES

1,2,3

EMPLOYMENT AND PAYROLLSDominion Bureau of Statistics

<u>EMPLOYMENT</u>		<u>WEEKLY ALL CANADA EARNINGS FIGURES</u>		
<u>Shipbuilding and Repairing</u>		<u>Shipbuilding</u>	<u>Railway Mfg.</u>	<u>All Mfg.</u>
Jan. 1955	20,116	\$58.01	\$62.27	\$60.89
Aug. 1954	23,065	63.13	63.56	61.06
Jan. 1954	25,161	60.85	61.68	58.39
Aug. 1953	25,472	64.00	61.70	58.93
Jan. 1953	23,993	57.81	60.75	55.06
Aug. 1952	23,992	59.36	55.43	55.79
Jan. 1952	20,572	53.27	56.66	51.83
Aug. 1951	17,487	55.48	54.97	51.70
Jan. 1951	12,699	47.37	50.72	46.66
Aug. 1950	14,641	48.84	.....	46.78
Jan. 1950	12,469	47.76	.....	45.39
Aug. 1949	14,652	46.24	.....	44.07
Jan. 1949	14,754	45.57	.....	42.32
Aug. 1948	21,818	43.63	.....	41.46
Jan. 1948	21,353	36.71	.....	36.30
Aug. 1947	24,451	42.50	.....	36.98
Jan. 1947	21,705	34.48	.....	32.48
Aug. 1946	24,540	37.90	.....	32.64
Jan. 1946	31,117	33.11	.....	29.49

EXTENT OF SAMPLING337. Shipbuilding and Repairing

Barges, building and repairing	Pontoons, shipbuilding, mfg.
Dockyards	Repair of ships
Dry Dock	Scows, building and repairing
Lighters, shipbuilding and repairing	Shipbuilding and repairing
Marine engine mfg.	Shipwrighting
Marine engineering	Whalers mfg.
Masts and spars, finishing for ships	Yacht building and repairing

4, 6

EMPLOYMENT AND PAYROLLSDominion Bureau of Statistics

<u>EMPLOYMENT</u>		<u>WEEKLY ALL CANADA EARNINGS FIGURES</u>			
<u>Water Transportation</u>		<u>Water Transp.</u>	<u>Railway Transp.</u>	<u>Truck Transp.</u>	<u>All Mfg.</u>
Jan. 1955	32,012	\$56.63	\$70.38	\$61.67	\$60.89
Aug. 1954	34,660	59.20	71.74	60.10	61.06
Jan. 1954	29,477	55.82	69.77	57.71	58.39
Aug. 1953	33,818	57.58	71.59	56.77	58.93
Jan. 1953	27,381	51.37	68.32	52.69	55.06

<u>EMPLOYMENT</u>		<u>WEEKLY ALL CANADA EARNINGS FIGURES</u>			
<u>Water Transportation</u>		<u>Water Trspt.</u>	<u>Railway Trspt.</u>	<u>Truck Trspt.</u>	<u>All Mfg.</u>
Aug. 1952	33,915	54.27	64.92	55.19	55.79
Jan. 1952	27,892	50.30	65.51	47.65	51.83
Aug. 1951	32,736	49.74	64.43	48.92	51.70
Jan. 1951	23,738	.....	.....	.....	46.66
Aug. 1950	31,226	46.71	59.01	.....	46.78
Jan. 1950	20,436	44.30	56.20	.....	45.39
Aug. 1949	32,439	43.66	57.67	.....	44.07
Jan. 1949	28,956	41.78	58.32	.....	42.32
Aug. 1948	33,576	42.59	57.59	.....	41.46
Jan. 1948	27,446	34.37	50.32	.....	36.30
Aug. 1947	31,095	37.14	49.67	.....	36.98
Jan. 1947	22,226	35.63	49.06	.....	32.48
Aug. 1946	22,505	32.81	44.30	.....	32.64
Jan. 1946	20,047	32.19	42.82	.....	29.49

EXTENT OF SAMPLING516. Water Transportation

Barge Owner
 Boat Owner
 Canal Transportation
 Car Ferry Service
 Coastwise Transportation
 Ferries Operation
 Great Lakes Transportation
 Inland Water Transportation
 Intercoastal Transportation
 Lighterage
 Log Rafting
 Marine Towing Service
 Mercantile Marine
 Ocean-borne Transportation
 Pilotage
 River Transportation
 Ship Owner
 Shipping Service, Water
 Steamship Lines
 Towing Service, Marine
 Transportation, Inland Water
 Transportation, Inter-coastal
 Transportation, Local, Water
 Transportation, Ocean-borne
 Tug Owner
 Tugboat Service
 Water Transportation, Inland
 Water Transportation, Local
 Water Transportation, Ocean-borne

518. Services Incidental to Water Trspt.

Boathouse
 Canal Operation
 Cargo Salvaging from Vessels
 Dock Operation
 Harbour Boards and Commission
 Hydrographic Survey Service
 Lighthouse Service
 Loading Vessels
 Marine Salvage
 Steamship Agencies
 Stevedoring
 Transportation Services, Water
 Unloading Vessels
 Vessels, Distressed, Salvaging
 Water Transportation Services
 Wharf Operation

5, 12

DEPLETION OF CANADIAN FLEETSource: Canadian Maritime Commission

<u>Number of Ships</u>		<u>CLASS</u>	<u>EMPLOYMENT</u>	
<u>1948</u>	<u>1955</u>		<u>Mar. 1948</u>	<u>Mar. 1955</u>
110	5	10,000 tonners	3,850	175
22	8	4,700 tonners	704	256
3	0	Passenger Ships	383	0

5, 12 Cont'd

<u>Number of Ships</u>		<u>CLASS</u>	<u>EMPLOYMENT</u>	
<u>1948</u>	<u>1955</u>		<u>March. 1948</u>	<u>Mar. 1955</u>
3	3	Diesel Cargo	150	150
4	4	Others	120	130
<u>13</u>	<u>9</u>	Tankers	<u>575</u>	<u>418</u>
155	29		5,782	1,129

Drop of 126 Ships

Drop in Employment of 4,653

Average 10,000 Tonner Crew ... 35 men (9-10 are certificated)

Diesels carry 14 Certificated Seamen

7. BRITISH COMMONWEALTH MERCHANT SHIPPING AGREEMENT

Signed December 10, 1931

Part III - Extra-Territorial Operation of Laws

Article 9 Save as otherwise specially provided in this Agreement, the laws relating to merchant shipping in force in one Part of the Commonwealth shall not be made to apply with extra-territorial effect to ships registered in another Part unless the consent of that other Part of the Commonwealth has been previously obtained:..

Provided that nothing contained in this Article shall be deemed to restrict the power of each Part of the Commonwealth to regulate the coasting trade, sea fisheries and fishing industry of that Part.

Part IV - Equal Treatment

Article 10.... Each Part of the British Commonwealth agrees to grant access to its ports to all ships registered in the British Commonwealth on equal terms and undertakes that no laws or regulations relating to seagoing ships at any time in force in that Part shall apply more favourably to ships registered in that Part, or to the ships of any foreign country, than they apply to any ship registered in any other Part of the Commonwealth.

Article 11.... While each Part of the British Commonwealth may regulate its own coasting trade, it is agreed that any laws or regulations from time to time in force for that purpose shall treat all ships registered in the British Commonwealth in exactly the same manner as ships registered in that Part, and not less favourably in any respect than ships of any foreign country.

Article 12.... Nothing in the present Agreement shall be deemed--

- (i) to derogate from the right of every Part of the Commonwealth to impose customs tariff duties on ships built outside that Part: or
- (ii) to restrict the right of the Government of each Part of the Commonwealth to give financial assistance to ships registered in that Part or its right to regulate the sea fisheries of that Part.

8.

THE CUSTOMS ACT, 1952

Section 2-(3).... The rates and duties of the Customs imposed by this Act or the Customs Tariff or any other law relating to the Customs, as well as the rates and duties of Customs heretofore imposed by any Customs Act or Customs Tariff or any law relating to the Customs enacted and in force at any time since the 1st day of

Duties
Payable
by the
Crown

July, 1867 are binding and are declared and shall be deemed to have always been binding upon and payable by her Majesty, whether in the right of Her Majesty's Government of Canada or Her Majesty's government of any province of Canada and whether or not the goods so imported belonged at the time of importation to Her Majesty; and any and all such Acts as aforesaid shall be construed and interpreted as if the rates and duties of Customs aforesaid were and are by express words charged upon and made payable by Her Majesty; but nothing herein contained is intended to impose or to declare the imposition of any tax upon, or to make or to declare liable to taxation any property belonging to Her Majesty either in the right of Canada or of a province.

Govt.
Vessels
to
Report

- (4).... All the provisions of this Act that relate to
- (a) the reporting inwards and outwards of vessels, vehicles or persons, or
 - (b) the reporting to a collector of Customs of goods imported or of goods acquired after importation by any person, including goods derelict, flotsam, jetsam or wreck,
- are binding upon Her Majesty in right of Canada or a province.

54.

Duty on
Equip-
ment and
Repairs
of Coast-
ing
Vessels

- (1).... The equipments or any parts thereof, including boats purchased or supplied in a foreign country for, or the expenses of repairs made in a foreign country upon, a vessel intended to be employed, or which is thereafter employed, in the coasting trade of Canada, are, on the arrival of the vessel in any port of Canada, if arriving within one year after the repairs have been made or the equipments have been purchased or supplied, liable to entry and the payment of duty on the cost thereof in the foreign country.

- (a) on the expenses of repairs, twenty-five per cent ad valorem, and
- (b) on equipments, including boats, the same rate of duty as if the articles were imported into Canada in the ordinary course.

Penalty

- (2).... If the owner or master of the vessel wilfully and knowingly neglects or fails to report, make entry and pay duties as by this section required, the vessel, with her tackle, apparel and furniture, shall be seized and forfeited.

Excep-
tion

- (3).... If, however, the owner or master of the vessel furnishes satisfactory evidence that the vessel, while in the regular course of her voyage, was compelled by stress of weather or casualty to put into a foreign port to make the said repairs, in order to secure the safety of the vessel or to enable her to reach her port of destination, or that it would be impracticable to make the repairs in Canada for want of a dock of sufficient capacity to receive the vessel, the Minister may authorize the refund of the duties on the repairs, and the vessel is not liable to forfeiture under subsection (2).

287.

The Governor in Council, may, from time to time, make regulations for declaring what shall be coasting trade or inland navigation respectively, and how the same

8.

The Customs Act, 1952 (continued)Regu-
lations
of
Coasting
Trade

shall be regulated in any case or class of cases, and may declare any trade or voyage on the seas, rivers, lakes or waters within or adjacent to Canada, whether to or from any place within or without Canada, or whether such seas, rivers, lakes or waters are or are not geographically, or for the purpose of other Acts or laws, inland waters, to be a coasting trade or a coasting voyage within the meaning of this Act and of such regulations and may also, from time to time, by regulation, dispense on any condition which he sees fit to impose, with such of the requirements of this Act as he deems it inexpedient to enforce with regard to vessels engaged in any such trade or with respect to any case or class of cases.

THE CUSTOMS ACT - Coasting Trade Customs Regulations
P.C. 1955-222 -- February 17, 1955

(1954-1916 Regulations revoked of December 8, 1954)
 (Following are pertinent regul. extracted)

3. A foreign built vessel may, without payment of duty and taxes, be registered in Canada but when so registered can engage only in international trade.
4. A British built, British registered vessel entitled to engage in the coasting trade may be transferred to Canadian registry without payment of duty and taxes except on the cost of repairs and equipment placed on such vessel in a foreign country as provided for in section 54 of the Customs Act. (see above).
6. Regulations apply to all vessels engaged in coasting trade.
7. Except as provided for in subsection 2 of section 669 or elsewhere in the Canada Shipping Act, none but British registered vessels shall engage in the coasting trade; such vessels must either be duty and tax paid or have been constructed in the United Kingdom or other commonwealth country, but do not include vessels used for pleasure purposes, police patrol boats, dredges or other vessels used for purposes which do not involve the carrying of goods or passengers for gain or hire.
17. (1) No vessel of foreign registry may take on board at any Canadian port goods or passengers for discharge or landing at any other Canadian port; such vessels may carry goods and passengers from a foreign port to one or more Canadian ports and from one or more Canadian ports to ports out of Canada; vessels of foreign registry may sail in ballast between Canadian ports on clearance (Form C.8) issued from port to port.

CUSTOMS TARIFF ACT, R.S.C. 1952

Schedule "A" - Items 440 & 440(a). Goods Subject to Duty and
Free Goods -- British Most fav.

Tariff
Item
 440

Ships and other vessels built in any foreign country, if British registered since Sept. 1, 1902 on application for license to engage in the Canadian coasting trade; on

<u>Pref.</u>	<u>Nation</u>	<u>General</u>
<u>Tariff</u>	<u>Tariff</u>	<u>Tariff</u>
	25 p.c.	25 p.c.

8.

The Customs Act, 1952 (continued)

the fair market value of the hull, rigging, machinery, boilers, furniture and appurtenances thereof, as provided in Part XIII of the Canada Shipping Act.

- 440a Vessels, dredges, scows, yachts, boats 15 p.c. 25 p.c. 25 p.c.
and other water borne craft, built outside of Canada, of any material, destined for use or service in Canadian waters (not including registered vessels, entitled to engage in the coasting trade, nor vessels in transit between Canada and any place outside thereof) n.o.p. on the fair market value of the hull, rigging, machinery, boilers, furniture, and appurtenances thereof, on arrival in Canada.

Regulations may be prescribed by the Minister for exemption from further duty after the duty specified in this item is once paid.

9.

NAVIGATION ACT 1912-1935PART VI - THE COASTING TRADE

284. This Part of this Act shall, except where otherwise expressed, apply to all ships (whether British or foreign).

285. This Part of this Act shall come into operation on a date to be fixed by proclamation, but shall not come into operation on the date fixed for the commencement of this Act unless the proclamation fixing that date expressly declares that this Part is to come into operation on that date.

286. (1) Where it can be shown to the satisfaction of the Minister, in regard to the coasting trade with any port or between any ports in the Commonwealth or in the Territories under the authority of the Commonwealth -

- (a) that no licensed ship is available for the service; or
- (b) that the service as carried out by a licensed ship or ships is inadequate to the needs of such port or

ports, and the Minister is satisfied that it is desirable in the public interest that unlicensed ships be allowed to engage in that trade, he may grant permits to unlicensed British ships to do so, either unconditionally or subject to such conditions as he thinks fit to impose.

(2) The carriage, by the ship named in any such permits, of passengers or cargo to or from any port, or between any ports, specified in the permit shall not be deemed engaging in the coasting trade.

(3) A permit issued under this section may be for a single voyage only, or may be a continuing permit.

(4) A continuing permit may be cancelled by the Minister upon not less than six months' notice to the master, owner or agent of the ship of his intention to cancel it.

(5) The Minister shall, within fourteen days of the granting of any permit under this section, or the notice of intention to cancel any such permit, notify in the GAZETTE the issue of the permit, or the giving of the notice, as the case may be, with particulars thereof.

(6) Where it is shown to the satisfaction of the Governor-General that the tourist traffic between any ports in the Commonwealth or in the Territories under the authority of the Common-

9.

Navigation Act 1912-1935 (Continued)

wealth is being injured or retarded, and the Governor-General is satisfied that it is desirable that unlicensed ships be allowed to engage in the trade, he may, by notice published in the GAZETTE, grant permission to unlicensed British ships of such size and speed as are specified in the notice to engage in the carriage of passengers between those ports subject to such conditions (if any) and for such periods as are set out in the notice.

(7) The carriage of passengers between those ports, by a British ship of the description specified in any such notice and under the conditions (if any) and during the period, set out in the notice, shall not be deemed engaging in the coasting trade.

287. (1) A ship shall not engage in the coasting trade which is receiving, or which under any arrangement is to receive, or which in the immediately preceding twelve months has been receiving, directly or indirectly, any subsidy or bonus from any Government other than that of a part of the British Dominions.

Penalty (on master, owner, or agent): Five hundred pounds.

(2) Any payment for services bona fide rendered in the carriage of mails, passengers, or goods, at rates based solely on the actual commercial value of these services, shall not be taken to be a subsidy within the meaning of this section.

288. (1) No ship shall engage in the coasting trade unless licensed to do so.

Penalty (on master, owner or agent): Five hundred pounds.

(2) Licenses to ships to engage in the coasting trade shall be for such period, not exceeding three years, as is prescribed, and may be granted as prescribed.

(3) Every license shall be issued subject to compliance on the part of the ship, her master, owner, and agent, during such time as she is engaged in the coasting trade, with the following conditions:-

(a) That the seamen employed on the ship shall be paid wages in accordance with this Part of this Act, and

(b) That, in the case of a foreign ship, she shall be provided with the same number of officers and seamen, and with the same accommodation for them, as would be required if she were a British ship registered in Australia or engaged in the coasting trade;

(c) That where a library is provided for the use of passengers, every seaman and apprentice shall - where no library for their special use is provided - be entitled to obtain books therefrom under the same conditions as may regulate the issue of such books to the passengers.

(Penalty (on owner): Ten pounds.)

(4) Any breach of the above conditions shall be a contravention of this Act.

(5) Before granting any license, the Minister may require security to be given to his satisfaction by the master, owner, charterer or agent for compliance with the conditions of the license and the requirements of this Part of this Act.

(6) In addition to, or in lieu of, any penalty otherwise provided, the Governor-General may cancel any license if he is satisfied that a breach of any of the above conditions has been committed.

(7) No license shall be cancelled unless an opportunity has been given to the master, owner, or agent of the ship to show cause against cancellation.

9.

Navigation Act 1912-1935 (Continued)

289. (1) Every seaman employed on a ship engaged in any part of the coasting trade shall, subject to any lawful deductions, be entitled to and shall be paid, for the period during which the ship is so engaged, wages at the current rates ruling in Australia for seamen employed in that part of the coasting trade, and may sue for and recover those wages.

(2) In the case of ships trading to places beyond Australia, the wages to which a seaman is entitled under this section shall be paid before the departure of the ship from Australia, and the master shall produce to the satisfaction of the Collector at the last port of departure in Australia, evidence of their payment,

(3) Where a British ship, trading to places beyond Australia, is engaged upon a voyage to terminate in any part of the British Dominions, the Minister may require and take security, to his satisfaction, from the owner, master, or agent of the ship that the seamen employed on the ship during the period of her engagement in the coasting trade will be paid, on their discharge, the wages to which they are or may become entitled under this Part of this Act, and that there will be produced, within a specified time after the completion of the voyage, to the person or authority named in the security, satisfactory evidence that such payment has been made.

(4) Where security in accordance with the last-preceding sub-section is taken by the Minister in respect of any ship, the ship and her master shall be exempt from the requirements of sub-section (2) of this section.

290. (1) If the seaman employed on any British ship were not engaged in Australia, the master shall, before the ship engages in the coasting trade, make and sign, before a superintendent, an indorsement or memorandum on the agreement specifying the wages to be paid to the seamen whilst the ship engages in the coasting trade, and that indorsement or memorandum, when counter-signed by a superintendent, shall have effect as an agreement between the master and those seamen.

(2) Where under the original agreement a seaman is entitled to be paid at a higher rate of wages than the rate ruling in Australia for seamen in a corresponding rating, nothing in this section shall affect his right to such higher rate during the engagement of the ship in the coasting trade.

291. (1) No provision in any agreement, whether made in or out of Australia, shall be taken to limit or prejudice the rights of any seaman under this Part of this Act.

(2) Where, by reason of a seaman's being entitled to a higher rate of wages while the ship on which he serves is engaged in the coasting trade:-

(a) any deduction is made from his wages earned out of Australia; or

(b) he is paid a lesser rate of wages outside Australia than is usual in voyages of a similar nature, it shall be deemed that the seaman is not paid wages in accordance with this Part of this Act while the ship is so engaged in the coasting trade.

292. An award of the Commonwealth Court of Conciliation and Arbitration which is binding on or applicable to seamen employed in the coasting trade, or a certificate of a Registrar or Deputy Registrar of that Court, certifying what are the rates of wages ruling in Australia for seamen employed in any part of the coasting trade, shall be prima facie evidence of those rates of wages.

293. The master, owners, and agents of any ship engaging in the coasting trade shall be jointly and severally responsible for compliance with this Part of this Act by or in respect of the ship, and shall be liable to any pecuniary penalty provided by this Act for any breach or contravention of this Part of this Act, by or

9.

Navigation Act 1912-1935 (Continued)

in respect of the ship, and where no penalty is provided shall be liable in respect of any such breach or contravention to a penalty of not more than One Hundred Pounds, and the ship in respect of which the offence is committed may be disqualified by the Governor-General from engaging in the coastal trade.

293.A (1) The Governor-General may, if at any time he considers it expedient in the public interest to do so, by Proclamation suspend, for such time as is specified in the Proclamation, the operation of any of the foregoing provisions of this Part, as regards any ship or class of ships, and either unconditionally or subject to such conditions (if any) as he thinks fit to impose.

(2) A Proclamation issued in pursuance of the preceding sub-section may provide for suspension for the period specified in the Proclamation, or may provide for suspension until the issue of a Proclamation revoking the prior Proclamation.

Commonwealth Acts. 1901-1935. Vol. 2. p. 1617-1620.

10.

THE CANADA SHIPPING ACT, R.S.C. 1952

Section 2- (13) Interpretation-

"coasting trade of Canada" includes the carriage by water of goods or passengers from one port or place in Canada to another port or place in Canada.

Part XIII of Can. Shipping Act -- Sections 669-673

669. (1) No foreign-built British ship, whether registered in Canada or elsewhere, after the 1st day of September, 1902, is entitled to engage or take part in the coasting trade of Canada unless she has first obtained a license for that purpose, which may be granted by the Minister of National Revenue, and if any such ship so engages or takes pay without first obtaining such license she is liable to a fine not exceeding \$500 for each voyage made by her in contravention of this section and she may be detained by the Collector of Customs at any port or any place in Canada where she may be found until such fine is paid; the making of a single voyage in the coasting trade of Canada shall be deemed to be within the meaning of this Part, the engaging or taking part in that trade.
- Foreign-built British ships to be licensed.
- (2) Any foreign-built vessel captured or seized during World War I by British forces or nationals or during World War II by British Commonwealth forces or nationals and condemned as prize of war or ceded by enemy states to any part of the British Commonwealth or its nationals as reparations, and registered as a British ship, shall for the purpose of this Part and of the Customs Tariff be regarded as a British built ship and as entitled to engage in the coasting trade.
- Foreign-built ships captured or ceded.
670. The Minister of National Revenue shall issue a license to any such foreign-built British ship upon application therefor and upon the payment of a duty of 25% ad valorem on the fair market value of her hull, machinery and appurtenances.
- Duty to be paid.
671. (1) No goods shall be transported by water or by land and water, from one place in Canada to another place in Canada, either directly or by way of a foreign port,
- British ships

10.

The Canada Shipping Act, R.S.C. 1952 (Continued)

- only may engage in coasting trade.
- or for any part of the transportation in any ship other than a British ship.
- (2) No ship other than a British ship shall transport passengers from one place in Canada to another place in Canada either directly or by way of a foreign port.
- (3) Where any goods are transported contrary to the provisions of this section, or where any ship transports any passengers contrary to the provisions of this section, the ship transporting such goods or passengers is liable to a fine in respect of the goods so transported of 50 cents per ton of her register tonnage or \$500, whichever is greater, and a fine of \$200 for each passenger or \$500 whichever is greater.
- (4) Forfeiture of goods.
- (5) Detention of ship if customs collector believes offence committed.
672. The master of any steamship, not being a British ship, engaged or having been engaged in towing any ship, vessel or raft, from one place in Canada to another, except in case of distress is liable to a fine of \$400; and that steamship may be detained by the collector of customs at any port or place to or in which the ship, vessel or raft is towed, until the fine is paid.
- Foreign vessel not to tow except in distress. Penalty.
673. The Governor in Council may, from time to time, by order in council declare that the foregoing provisions of this Part shall not, for the period specified in such order in council, apply either throughout Canada or in any specified waters of Canada to the ships or vessels, or to any specified, ascertained or ascertainable class or number of the ships or vessels of any foreign country.
- Power to suspend coasting laws.

11.

"EXAMPLES OF 'FLAG DISCRIMINATION' TAKEN FROM A REPORT PRESENTED AT A RECENT MEETING OF THE SEA TRANSPORT COMMISSION OF THE INTERNATIONAL CHAMBER OF COMMERCE":--

1. A trade agreement between Argentina and Brazil, valid over the period 1953-1956, provides that the goods listed in it shall preferentially be transported in equal shares in ships of the two flags. Foreign-flag ships shall be employed only if national ships are not available.
2. An agreement between Argentina and Chile provides that the national flags shall, in the jurisdiction of each other, enjoy more favourable treatment in regard to port procedure and facilities than that given to other flags. Provision is made for equal sharing of the cargo carried by the two flags to the exclusion of other flags, unless there is a surplus that they cannot carry between them.
3. Agreements made between Uruguay and Brazil and between Uruguay and Colombia, both in December, 1953, similarly provide for equal sharing between the national flags of the transport of goods to which the agreements relate, to like exclusion of other flags.
4. Egypt, in an agreement with Russia, made in March, 1954, is entitled to carry 50 per cent of the cargo moving from and to Egypt under the agreement, provided Egyptian maritime Companies are able to arrange for its carriage.

11. (Continued)

5. India has entered into agreements with Egypt, Czechoslovakia, Russia, Turkey, Yugoslavia and Roumania, all of which contain clauses to the effect that the contracting parties will endeavour to secure that as large a proportion as possible of the goods carried thereunder will be carried by the ships of those parties or one or other of them.

6. Chile has before its Congress a Merchant Marine Bill which reserves to Chilean vessels the carriage of 50 per cent. of the cargoes imported and exported (with certain exclusions) and imposes substantial penalties on shipments made in breach of this provision.

7. Portugal issued in October, 1953, directives to the effect that goods were not to be exported in foreign ships, if Portuguese ships were available. Shipments into Portugal were to be in Portuguese ships so far as practicable, even although higher carrying charges were involved. Spain issued a direction last October that commodities imported f.o.b. must be carried by Spanish ships.

8. In Turkey and in Cuba special taxes are imposed on foreign, but not national, shipping companies. Turkey and a number of other countries operate import or export licensing systems to steer the cargo compulsorily into ships of the national flag.

14, 15.

The following figures of operating costs have been supplied by the Seafarers' International Union of North America:-

DAILY COST OF OPERATING A CANADIAN FLAG UPPER LAKER 10,000 TON

Total Wage Cost	381.00
Subsistence	70.00
Stores & Supplies	66.50
Maintenance & Repair	160.00
Insurance	129.50
Management	62.00
Coal Fuel	319.00 ##
Sundries	15.50
	# 1,203.50 Total

On similar size vessels using oil fuel daily costs are increased by \$56.00

1,239.50 Total (Oil Fuel)

NB: # Does not include depreciation, which varies depending on the size value and age of the ship.

Based on coal consumption of 29 tons per day at \$11.00 per ton. Average oil consumption on the same size ship is 25 tons per day at \$19.00 per ton.

DAILY COST OF OPERATING A U.S. FLAG UPPER LAKER, 10,000 TONS

Total Wage Cost	700.00
Subsistence	85.00
Stores, Maintenance & Repair..	215.00
Insurance	175.00
Coal Fuel	325.00
Management & Sundry	Incl. in Wage Cost.
	# \$1,500.00 Total

14, 15 (Continued)

Does not include depreciation which varies.

DAILY COST OF OPERATING DEEP SEA 10,000 TON PARK VESSELS

Total Wage Cost	363.98	per diem
Subsistence	66.00	per diem
Stores & Supplies	66.50	per diem
Maintenance & Repair ;.....	160.00	per diem
Insurance	129.50	per diem
Management	62.00	per diem
Oil Fuel	253.68	per diem ###
Depreciation	55.85	per diem ###
Sundries	15.50	per diem ###
	<u>\$1,173.01</u>	

RE:

Based on oil consumption of 25 tons per day steaming, 5 tons per day in port. Montreal delivery price, \$16.93 per ton.

Based on 5% over twenty years, the normal writing off life of a ship.

16.

U. S. 50/50 RULE

Last year the Congress of the U.S. passed an extension of the 50/50 rule in favour of the American flag. This legislation was contained in the Cargo Preference Act, from which the following is the relevant extract:-

Whenever the United States shall procure, contract for, or otherwise obtain for its own account, or shall furnish to or for the account of any foreign nation without provision for reimbursement, any equipment, materials, or commodities, within or without the United States, or shall advance funds or credits or guarantee the convertibility of foreign currencies in connection with the furnishing of such equipment, materials, or commodities, the appropriate agency or agencies shall take such steps as may be necessary and practicable to assure that at least 50 per cent. of the gross tonnage of such equipment, materials, or commodities (computed separately for dry-cargo carriers, dry-cargo liners and tankers), which may be transported on ocean vessels shall be transported on privately-owned U.S.-flag commercial vessels, to the extent such vessels are available at fair and reasonable rates for U.S.-flag commercial vessels, in such manner as will ensure a fair and reasonable participation of U.S.-flag commercial vessels in such cargoes by geographic areas.

While the United States confined its 50/50 rule to temporary arrangements applicable to goods that, under Marshall Aid and otherwise, it was giving away, it was hardly possible for the recipients of such generosity to cavil at the donor's stipulation that part of the goods concerned would be brought to the recipient of the gift by American-flag ships.

THE CHAMBER OF COMMERCE

707 Public Utilities Building,
PORT ARTHUR, Canada

May 26, 1955.

Mr. G. G. McLeod,
Royal Commission on Coasting Trade,
490 Sussex Street,
Ottawa, Canada.

Dear Mr. McLeod:

Please be advised that the following resolution of the Port Arthur Chamber of Commerce was endorsed unanimously by the Board of Directors at their recent meeting held on April 14, 1955.

WHEREAS THE CHAMBER OF COMMERCE of PORT ARTHUR are vitally concerned with the effects of the St. Lawrence Deep Waterway project on the future of Canadian Shipbuilding on the Great Lakes and the future of the livelihood of our sailors in this community - and whereas -

- a) A Canadian shipyard worker receives an hourly wage of approximately \$1.50 whereas a British shipyard worker gets an average hourly wage of approximately \$.60.
- b) A British sailor employed on British registered vessels engaged in The Canadian Coastal Trade receives a bonus equivalent to six pounds per month over and above his basic monthly wage of \$70.89 making his monthly pay \$87.57 compared with \$204.00 paid to a Canadian sailor.

THEREFORE BE IT RESOLVED:

"That the Federal Government be requested to pass the required legislation so that strictly Canadian coastal trade will be reserved for ships built and registered in Canada which would face unequal competition from vessels from abroad built and operated under low wage scales."

Yours very truly,

C. A. Hudson,
Secretary-Manager.

Submission to the Royal Commission on Coastal Trade

by

Vancouver, New Westminster & District Metal Trades Council
Victoria & District Metal Trades Council
Shipyard General Workers Federation

Endorsed by

Vancouver, New Westminster & District
Trades & Labor Council

B.C. Trade Union Congress
Vancouver, New Westminster & District
Building Trades Council

June 1955

Mr. Chairman and Members:

The Organizations represented here welcome the opportunity of appearing before you to present the opinion of many thousands of workers on the Pacific Coast who depend upon the shipping Industry to earn their livelihood.

Ten years ago, the Minister of Veterans' Affairs, the Late Honourable Ian A. MacKenzie, speaking for the Canadian Government, enunciated Government policy in the following statement which received the wholehearted endorsement of shipyard workers and West Coast citizens:

"It is the determined policy of the present Government that Canada is in the shipbuilding business for good. The Navy and the Merchant Marine that you made are going to be maintained and expanded. The ships you built will carry Canada's trade to the ends of the world, creating employment and opportunity for Canadian workers.

"The present Government has laid, and is today putting into operation, plans to maintain employment and expand our trade in the post-war years. The skills you have acquired will be needed in the shipyards; and in the new industries growing out of our expanded trade.

"The Government that organized and established this great shipbuilding programme in Vancouver asks your support for carrying out its plans to provide for your future employment in the trades at which you have become so proficient."

The principles enunciated in the above statement of policy would have served as an excellent blueprint for the maritime policy of our country which is one of the world's great trading nations. At the end of the first post-war decade, however, it is necessary to say that the experience has been sadly at variance with the forecast.

In the year following the above statement, employment in B.C. shipyards dropped from 19,127 to 6,291. It has since dwindled to 3,405*. During the same period, five west coast shipyards have been closed down.

In the same period, the Merchant Marine, which the Government promised to "maintain and expand" has been virtually wiped out of existence. In 1945 it carried 50 percent of our exports from Pacific Coast ports; in 1946, 34 percent. In 1953,

* D.B.S. The Shipbuilding Industry.

there still remained to the Canadian Merchant Marine an apparent share of our foreign shipping amounting to 13 percent. Analysis of this figure shows, however, that only an infinitesimal portion of it consists of deepsea shipping; of 1,170,000 tons of "foreign service" cargoes carried in Canadian bottoms, 926,940 tons were destined for United States Pacific Coast ports.★★

Expansion of Trade

Failure to maintain the Merchant Marine and the shipbuilding industry cannot be attributed to lack of trade. Canadian export trade has increased steadily throughout this whole period, both dollar-wise and in terms of physical volume. Exports shipped from Pacific Coast ports have grown in volume from year to year, from a total of 3,195,358 tons in 1945 to 4,301,475 tons in 1946 and 8,871,878 in 1953.

It is evident therefore that the fundamental basis has existed all along, to "maintain and expand" our maritime industries. But the phenomenal growth of exports has failed to find any reflection in the shipping and shipbuilding industries.

On the contrary, the development of these industries has been in the opposite direction to the trade upon which they are founded. Exports have trebled; shipbuilding has dwindled to a bare skeleton industry; merchant shipping (in the foreign, deep-sea sense) has petered out altogether.

Obviously, the Government's policies have not been adequate for the task.

Canadian Merchant Marine has not met foreign competition

Study of the Shipping Reports shows clearly what has happened to the shipping business that Canada has lost:

Registry of Vessels Carrying Canadian Pacific Coast Export Cargoes

<u>Country of Registry</u>	<u>Percentage of Pacific Coast Cargoes</u>	
	<u>1946</u>	<u>1953</u>
Canada	34.2	13.2
United Kingdom	31.2	19.3
United States	23.3	9.6
Panama	1.5	12.6
Japan	---	10.3
Greece	.3	8.6
Norway	2.5	6.6
Others	6.8	19.8
	<u>100.0</u>	<u>100.0</u>

In absolute figures, the United States and the United Kingdom have about held their own in the tonnage of cargoes carried from Canadian Pacific Coast ports, while the absolute total carried in Canadian bottoms has dwindled. The increase in tonnage has been taken up by other competitors, principally Panama, Japan and Greece.

The competitive advantage enjoyed by such countries in the form of low wages and poor conditions is often stressed. What may be overlooked is the initial benefit they gained in purchasing on favourable terms, a large portion of the Canadian and American war surplus fleet. This they were able to do only because the governments of both countries wavered in their original policy of stipulating that such vessels would be sold only for registry at home.

★★ Statistics quoted from relevant Shipping Reports.

It should also be noted that the "sale" of Canadian and American war surplus vessels to Panama and Greece was to a considerable extent a sale in name only. Since the buyers were American or British subsidiaries using foreign registry as a means of operating under conditions of cheap labour, the whole transaction should perhaps be thought of as a transfer, not a sale. *

Shipping and shipbuilding are international industries operating in a highly competitive market. That fact, however, does not mean that Canada needs to be excluded from them. The record shows that in all of our export industries, Canada and the United States are able to operate on the basis of wages and conditions superior to those of their competitors and nevertheless undersell those competitors in the market. Higher productivity, greater efficiency have offset wage differentials and equalized costs in one industry after another.

In the maritime industries, however, the effect of cheap labour has been augmented by the further advantage of subsidies. Practically all of the great maritime powers have chosen to maintain their shipping and shipbuilding industries by means of construction subsidies, operational subsidies and preferred income tax treatment.

Under these conditions, there can be no question of a policy of maintaining such an industry unless it can enter into international competition on the same terms as its rivals.

The policies advocated in this brief are founded upon the premise that the basis exists for healthy and prosperous Canadian maritime industries. We have foreign trade on a large and expanding scale. We have a large and growing coastal trade. These give rise to a need for repairs and replacements of vessels, as well as the building or acquiring of new vessels for the expanding trade.

If such needs are filled in Canada, we will have a thriving maritime industry. But such will not be the case unless Canadian maritime policy is such as to encourage both the building and operation of ships in Canada on terms that are reasonably comparable to those of our foreign competitors.

The Competitive Situation

The competitive advantages which may be enjoyed by the maritime operators of one country over those of another are of three kinds:

- (a) The advantage due to lower wages and poorer working conditions.
- (b) The advantage due to customs or shipping regulations barring foreign ships from the coasting trade.
- (c) Subsidies for construction and operation of ships.

A. Low Wage Competition

There is no doubt that in the case of two ships of similar design and construction, if one is subject to daily wage costs of, say, \$200 and the other of \$400, competing in the same service, the ship with the lower wage level will have sufficient competitive advantage to underbid the other and capture the available business, other things being equal. A tabulation by the Canadian Maritime Commission compared daily operating wage costs for a 10,000-ton vessel in 1948 as follows:

* - On January 3, 1950, American capital owned or controlled 4,200,000 tons of vessels under Foreign Flags. - Journal of Political Economy April, 1951, p. 117.

U.S.A.	494.87
Canada	345.50
Panama	253.62
France	223.94
Greece	236.60
United Kingdom	171.56
Norway	158.02
Netherlands	208.28
Italy	133.97

While these figures indicate a large differential in costs as between North American operators and operators in other countries, they do not by any means tell the whole story. In the first place, there will be no effective competition between the merchant fleets of two nations, except to the extent that they operate in the same service on the same routes. This may be, and is restricted to the extent that coasting trade is limited to vessels of the country concerned. Secondly, it is limited to the extent that the cargoes involved in deepsea shipping may be subject to legislative or policy restrictions such as those imposed on E.C.A. Shipments by the United States.

Moreover, in considering the competition of such a fleet, as that of Panama (which is important in the Pacific Coast trade) the question must be raised as to where Panama obtains a fleet which can compete with the ships built in the modern shipyards of the United States and Canada. It may in fact be questioned whether Panamanian registry (and to a lesser extent that of several other foreign countries) exists at all except as a legal device by which absentee owners can circumvent the wage and manning conditions of their own country and thereby undermine the international conditions in which our fleet must compete.

In fact, Panama could not compete unless Canada and the United States provided her with the capital, the vessels and, in some cases, the trained crews.

Since a goodly proportion of the vessels that today are allegedly competing our merchant marine out of existence originated in North American yards, many in fact, built in the supposedly high cost shipyards of British Columbia, the latter point is an extremely important one. Cannot the engineering efficiency of North America be made to work in our favour?

B. Limitation of the Coastal Trade

At the present time Canadian laws, like those of other nations with whom we compete, do, ostensibly at least, place restrictions on foreign participation in the coasting trade. We have agreed, however, under the British Commonwealth Agreement of 1931 to accord to ships of other Commonwealth nations the right to engage in the coasting trade on equal terms with our own. Foreign built British ships must pay a 25 percent duty on entering the Canadian coasting trade (or a fraction thereof if their entry into the trade is temporary). Moreover, the prohibition against foreign ships may be suspended by Order-in-Council.

Canada has leaned over backwards in the interpretation and implementation of the Commonwealth agreement. For, while according British ships equal rights with their own, other Commonwealth countries (Australia, New Zealand) require such ships to conform to local wage and manning conditions. Only Canada permits them the competitive advantage of substandard wages.

Thus, while our regulations may provide protection against foreign competitors they leave us wide open to unfair competition from United Kingdom operators. Further, they offer no protec-

tion whatsoever to our shipbuilders, since ships built in the United Kingdom enter Canada duty free.

The effect is particularly evident on this coast, where coast-wise shipping is dominated by the Canadian Pacific Railway and its subsidiary, Union Steamships Ltd. This company has been heavily subsidized by the people of Canada for three quarters of a century. It has had, and still enjoys enormous revenues from land grants*, monopolistic rights and franchises of all kinds in all fields of public transportation. For more than fifty years it has received annual subsidies for its operations in the B.C. coastal trade.**

Yet the C.P.R. is not required to support Canadian shipbuilding, and it does in fact buy virtually all of its vessels in the United Kingdom.

Restrictive Legislation

The situation just described is in contrast to that existing elsewhere. Thus the Australian Shipping Act of 1949 provides that a ship will be licensed to engage in trade between places in the Commonwealth of Australia only if that ship

"(a) is less than twenty-four years old at the date of application and

(b) was built in an Australian shipyard or was, at any time prior to the commencement of this Act, engaged in trade exclusively between places in the Commonwealth or in a territory of the Commonwealth."

The Minister may make exceptions, but in such event the Navigation Act (Section 288) makes the license conditional upon the payment of the same wages and observance of the same manning regulations applicable to ships under Australian Registry.

New Zealand has similar regulations.

In the United States, the Merchant Marine Act (Sec. 27) provides that

"no merchandise shall be transported by water, or by land and water, on penalty of forfeiture thereof, between points in the United States, including Districts, Territories and possessions thereof embraced within the coastwise laws, either directly or via a foreign port, or for any part of the transportation, in any other vessel than a vessel built in and documented under the laws of the United States..."

The Canada Shipping Act contains language similar to the above section of the U.S. Merchant Marine Act except: (1) It does not require the vessel to be built in Canada; (2) The right to engage in the trade is not limited to ships of Canada, but of the British Commonwealth; (3) British owned, foreign built ships may engage in

* - U.F.M. land surplus to December 31, 1953 was \$84,601,387. The company still held 900,000 acres of farm land and oil rights on over 11,000,000 acres.

** - Coastal shipping subsidies in B.C., shared by two companies, amounted to \$362,499 in 1953-54. Up to 1953, the Government also paid \$166,667 per year to Canadian-Australasian Lines for deepsea operations. Canadian-Australasian was jointly owned by C.P.R. and Union Steamship Co. of New Zealand.

the coastal trade on payment of 25 percent ad valorem duty.

The effect of such exceptions is, of course, that the protection to the Canadian maritime industry is slight indeed. G.M. Schuthe, in "Canadian Shipping in the B.C. Coasting Trade", states that "only about one-third of passenger and cargo vessels and tankers participating in the B.C. Coasting trade are Canadian built although a few others received extensive refits in Canada."*

This fact is documented with a table showing that vessels of over 200 gross tons serving the B.C. coasting trade at December 31, 1949, break down as follows:

	<u>Built in Canada</u>	<u>Built out- side Canada</u>
Passenger Cargo	5	19
Cargo Only	7	3
Tankers	2	3

We have endeavoured to identify the foreign commercial vessels registered in B.C. since January 1, 1950 and have arrived at the following totals:

	<u>Number</u>	<u>Tonnage</u>
Barges and Scows	24	12,604 Reg. tons
Tugs	23	3,710 Gross tons
Fishing vessels	18	3,057 " "
Passenger, Cargo, etc. **	21	9,899 " "

Information received by us, from the Registrars of Shipping, indicates that in the past two years a total of 307 vessels of 82,881.68 gross tons have been imported into British Columbia. The replacement cost of these vessels is estimated at \$53,519,000. Of this total 34,392 tons, of a replacement cost of \$17,153,000 were imported between July 1, 1950 and August 15, 1954.

During approximately the same period of time (i.e., 1946-53) the total value of shipbuilding and ship repairing carried out in British Columbia yards, according to Canadian Maritime Commission reports, amounted to \$98,630,618.

Since that volume of work has maintained average employment during these years of approximately 4,000 men, it appears that an additional \$53,000,000 of shipbuilding would have represented about half as much work. Hence, about 2,000 jobs may be said to have been lost to imports.

The amount of tonnage purchased outside of Canada for use in the B.C. coastal trade is therefore substantial, and involves the expenditure of considerable sums of money which would be available for the maintenance of Canadian shipbuilding, if our laws were equivalent to those of the United States or Australia.

C. Construction and Operational Subsidies

The coasting trade as such cannot be considered in isolation from deepsea shipping and shipbuilding. The extent to which the construction of vessels for coastwise shipping in Canada can be economically carried on here inevitably depends to a great extent on the volume of work that is obtained by the shipyards from any source. The problem of maintaining adequate and efficient ship-

* - See G.M. Schuthe, "Canadian Shipping in the B.C. Coasting Trade, p. 70

** - Note this heading includes small vessels such as camp tenders.

yards is eased a great deal if those shipyards are in part maintained by construction and repair orders relating to deep-sea shipping. Conversely, a principal reason for desiring that the building of ships for the coasting trade be restricted to Canadian yards is the need to maintain shipyards that can serve the needs of deepsea merchant shipping and national defence needs.

It is therefore necessary to emphasize again, that Canadian shipbuilding and shipping (to the extent that they have survived at all) exist in a world of heavily subsidized competition. Under the rules of the game, each country subsidizes its maritime industry or is forced out.

Construction Assistance

Even the United Kingdom, whose low costs are usually cited as the reason for the lack of shipbuilding orders to Canadian yards, finds it expedient to provide extensive assistance. While specific data regarding the assistance provided in recent years to United Kingdom shipbuilders has not been available to us, we learn from the Canadian Maritime Commission Report of 1949 that it takes the following forms:

- (a) Long term, low-interest loans to assist in the financing of construction;
- (b) Admiralty bounties, by means of which the government pays for features of vessels included for national defence reasons;
- (c) Accelerated depreciation for income tax purposes, amounting to as much as 40 percent in the first year. Losses may be averaged with profits over a six year period for income tax computation.

Our sister dominion, the Commonwealth of Australia, which presumably faces cost problems similar to our own in relation to United Kingdom competition, directly subsidizes shipbuilding. The Ship Bounty Act of 1939 provided for bounties of from ten to twelve pounds per gross ton, on iron or steel passenger or cargo vessels, subject to recovery if the builders' net profit exceeded ten percent.* Postwar legislation empowers the Government to order vessels for construction in Australia and resell them to private owners, absorbing up to 25 percent of the cost in order to offset the differential over United Kingdom construction costs.**

Perhaps the nearest parallel to Canadian shipbuilding and shipping costs is the United States, which is reputed to have the highest costs in the world, and therefore to require the largest amount of subsidy or protection in order to be able to compete. United States legislation meets the problem directly, by providing for a "construction differential subsidy" as follows:

"The amount of the reduction in selling price which is herein termed "construction differential subsidy" may equal, but not exceed, the excess of the bid of the shipbuilder constructing the proposed vessel (excluding the cost of any features incorporated in the vessel for national defence uses, which shall be paid by the Commission in addition to the subsidy), over the fair and reasonable estimate of cost, as determined by the Commission of the construction of

* - Australia, Commonwealth Acts, 1901-1950, Volume V.

** - Second report of the Canadian Maritime Commission, 1949.

the proposed vessel if it were constructed under similar plans and specifications in a foreign shipbuilding centre which is deemed by the Commission to furnish a fair and representative example for the determination of the estimated foreign cost of construction of vessels of the type proposed to be constructed."*

(The subsidy is not to exceed 50 percent of the cost of construction).

In addition to the construction differential subsidy, the United States government pays directly for any "national defense features" of the vessel. Moreover, the portion of the price of the vessel that is borne by the owner is financed on the basis of a down payment amounting to 25 percent of the cost, with the remainder amortized over twenty years at $3\frac{1}{2}$ percent interest.

The effect of these regulations may be seen in the example of the vessel "United States". The cost figures for the "United States" are summarized below: **

Total cost including furnishings	\$78,000,000
This includes "defense features"	
paid for by the government of	25,900,000
Commercial cost	\$52,100,000
Cost if built in United Kingdom	30,100,000
Construction differential subsidy	\$22,000,000
Total cost to Government (defense features plus subsidy)	\$47,800,000
Cost to owner	30,100,000

If the national defense features are excluded from consideration, the government's share of the cost of the "United States" amounted to about forty percent of the "commercial cost". Since United States costs are reputed to be considerably higher than Canadian costs, the above figures do not necessarily indicate what a similar type of assistance would involve in this country.

Coast Cost Differential

The Merchant Marine Act U.S.A. (Sec. 502d) also provides for a differential between Atlantic and Pacific coast shipyard costs. The provision is that in the building of vessels whose home port is to be on the Pacific Coast, the lowest Pacific Coast bidder will be awarded the contract if his bid is not more than 6 percent above the lowest Atlantic coast bidder.

One further feature of American legislation which is important in maintaining the shipbuilding industry is the high customs duty on ship repairs. This applies to all vessels on United States registry, and provides that all repairs carried out in foreign ports shall be taxed at 50 percent unless required to make the vessel seaworthy. *** In contrast, Canadian law provides no duty on repairs except for vessels engaged in the coasting trade and then only 25 percent.

In contrast to the other maritime nations, Canada does not subsidize the construction of vessels. The Vessels Construction Assistance Act, which provides for accelerated depreciation for income tax purposes is undoubtedly useful for stimulating the

* - Merchant Marine Act, 1920 (revised to Jan. 12, 1951) Sec. 502 (b)

** - Quoted from U.S. News & World Report, July 28, 1953, pp 62-67

*** - Sixth Report of the Canadian Maritime Commission, 1953.

construction of vessels for profitable uses, but must be totally ineffective if it is indeed true that Canadian vessels cannot compete profitably with low cost foreign operations. An income tax concession is of no help to an operator who does not make a profit.

The only other encouragement to Canadian shipbuilding would seem to be the Escrow plan, which did freeze a substantial amount of money for the purpose of building vessels in Canada and placing them under a flag restriction.

Neither of the above measures, however, provides any offset to the differential in costs between Canada and other countries, and neither is in any degree comparable to the assistance given by the other governments as outlined above.

Operational Assistance

The need for operational assistance of North American ships arises from the differential in costs as between them and United Kingdom operators. We have quoted above the daily wage costs of such vessels for 1948, for a number of countries. More recent figures for Canada and United Kingdom only, show total daily operating costs of \$816.00 for Canada and \$543.50 for the United Kingdom.* Presumably, Australia faces a similar cost situation.

In Australia, the Shipping Act of 1949 provides for the establishment and maintenance of operations of lines deemed essential to the maintenance of the Australian shipping industry with the government paying the operating losses.

In the United States the problem is met by means of an Operating differential subsidy. The subsidy is calculated as the excess of the operating costs over the estimated costs to a foreign country whose vessels "are substantial competitors of the vessel or vessels concerned." An example of the actual working of this subsidy is the case of the liner "United States" as reported by U.S. News and World Report.**

Cost of Operation per year under U.S. flag	\$15,730,000
Cost of Operation per year if under U.K. flag	11,550,000
Operating Differential Subsidy.	\$ 4,180,000

Further aid to the operation of the United States merchant marine is the provision of the Economic Co-operation Act of 1948 (Sec. 6) which stipulates that 50 percent of cargoes transported to or from the United States under the E.C.A. must be carried in American bottoms.

It would appear that Australia and the United States have faced the problem in a realistic way, realizing that the maintenance of a merchant marine under existing cost conditions implies extensive government assistance. It would appear that Canada, on the other hand, pays lip service to the principle of maintaining the maritime industries, but fails to face up to the requirements of such a policy in realistic terms.

Probable Future Trends

In any consideration of future policy, it is necessary to give some thought to developments that may be expected to affect the future prosperity of the maritime industries. In this connection we intend to deal with two matters of major importance to the economy of the Pacific coast area and the maritime industries in parti-

* - Canadian Shipbuilding & Ship Repairing Ass'n. Newsletter, Apr. 1/54.

** - U.S. News and World Report, July 25, 1952, pp. 62-67

cular. These are the effect of the St. Lawrence Seaway, and the expansion and orientation of foreign trade to and from this coast.

St. Lawrence Seaway

The distance involved in the long haul by way of Panama appear at the present time to be an effective barrier against water-borne trade between Canada's two coasts. Thus the 1953 Shipping Report disclosed that of 5,492,000 tons of cargo loaded at British Columbia ports in the coastwise trade, 5,462,491 tons were bound for destinations within the province. It does not seem very probable that this situation will be altered by the building of the Seaway.

In relation to deepsea shipping, however, it may be expected that the Seaway will have a very great and potentially disastrous effect on Pacific Coast shipping and allied industries. Analysis of the Shipping Reports shows that the grain trade accounts for over 40 percent of the cargoes loaded at Pacific Coast Ports:

	<u>1946</u>	<u>1953</u>
Grain & Flour loaded at		
Pacific Coast Ports	1,856,445	3,676,629
Total Cargoes loaded	4,301,873	8,871,878

Further analysis indicates that nearly three-fifths of the grain shipped from Pacific Coast Ports is bound for Trans-Atlantic destinations.

While no information is at the moment available to us to show at what point on the prairies it becomes advantageous to ship via Vancouver rather than Fort William under present cost conditions, it would seem to be obvious that any substantial saving in eastern costs resulting from the Seaway will move that point westward, and possibly as far as the westward limit of the grain growing areas.

It would also seem reasonable that if present conditions make it profitable to ship wheat via Vancouver for European ports, a substantial reduction in Eastward freight costs could very probably make it advantageous to ship wheat from Fort William to the far east. It is, therefore, not merely the trans-Atlantic shipping from British Columbia that is at stake, it may well be that our trans-Pacific shipping will receive a body blow as well.

It is, of course, important to bear in mind that anything which reduces the amount of shipping from this coast, whether in Canadian or foreign bottoms is likely to affect employment not only among seamen, but in the shipyards and ancillary industries as well.

Trans-Pacific Trade

In view of the possible threat to the grain trade and its effect on shipping from the Pacific Coast via Panama Canal, it is important to examine our trade with the Orient, which would seem to be the only available alternative.

The physical volume of shipments from Pacific Coast ports has very nearly trebled since the end of World War II. While a major portion of the total has continued to be destined for Europe and other Atlantic areas, analysis of the figures shows that there is a tremendous potential trade with our "natural" market, the Far East. Comparison of the 1946 and 1953 exports to the three leading nations of the far east presents an extremely interesting picture:

	1 9 4 6			1 9 5 3		
	India	China	Japan	India	China	Japan
	T o n s			T o n s		
Grain, flour	84,153	106,468	1,067	418,621		960,850
Lumber, logs	1,075	84,622	-	-	-	41,493
Iron Ore	-	-	-	-	-	942,203
Total	129,959	291,766	8,435	425,843	250	2,136,196

The figures for India and Japan demonstrate the tremendous capacity for growth of trade with the far east, notwithstanding the fact that in the case of Japan, a very large part of the shipments consist of iron ore, which is a wasting asset and cannot be considered a permanent addition to our trade. On the other hand, political factors have wiped out the Chinese market, which undoubtedly could be, and some day will be, the largest market of all.

A vigorous policy of promoting normal trade relations with the countries of the far east is an inseparable and inevitable element of any long range solution to the problems of the maritime industries of this coast. Without a large and healthy trade, there can be no prosperous shipping or shipbuilding industries, and it would appear that in the future that trade must be looked for to an increasing extent across the Pacific.

Costs and Subsidies

The stress we have laid on the question of subsidies is not intended to suggest that West Coast Canadian costs are greatly out of line with other areas, although this is an explanation that is frequently offered by the shipbuilding companies and others for the state of the shipbuilding industry in British Columbia. We would look for the explanation elsewhere.

First, it must be obvious that in an industry where subsidies are the normal practice in all competing areas, an unsubsidized shipbuilder is at a disadvantage. Secondly, costs may be unnecessarily high due to the fact that expensive facilities lie idle for want of a shipbuilding program. Even with five yards closed down, the remaining shipyards are operating at a low level of activity, and therefore high overhead costs.

Certainly it was demonstrated during the war that given enough orders to maintain shipbuilding at capacity, the Pacific coast yards could turn out ships at competitive costs.* We believe that with government help in obtaining adequate orders, it could still be done. In this connection it is worth noting that ships imported for the C.P.R. Pacific Coast fleet alone, would, if built here, have been sufficient to keep at least one such vessel building almost continuously since the end of the war. Comparison of the publicly announced costs of two coastal vessels of similar size suggests that such a policy may not have increased the cost to the C.P.R. The Prince George, built in British Columbia for the C.N.R. in 1943, cost \$533 per gross ton. The Princess Marguerite, built in the United Kingdom for the C.P.R. in 1949, cost \$678 per gross ton.** While the two vessels may not be strictly comparable, these cost figures indicate that the alleged high cost of Canadian Pacific Coast shipbuilding may be greatly exaggerated.

* - In 1944, the Hon. C.D. Howe declared that the cost of shipbuilding in Canada was lower than in the U.S.A. and compared favourably with British costs. He also indicated that costs were lower at Burrard Dry Dock than in other shipyards. (Hansard, 1953, p. 2609)

** - Schuthe, G.M. Canadian Shipping in the B.C. Coasting Trade, p. 120.

Another indication that our costs may not be as high as they are represented emerges from press reports of recent bids on a 10,000 ton cargo vessel for the Soviet government. It is reported that bids were tendered by the major shipyards of both Eastern and Western Canada, and that the low bidder was a west coast yard. *

Our point is that the cost of a government assisted shipbuilding program is not necessarily as high as we are sometimes led to believe. A good start towards such a program can be made without direct cost to the government by legislation restricting the coasting trade to vessels built here. Private commercial orders resulting from such a restriction would undoubtedly have a salutary effect on costs (by helping to absorb ^{overhead} costs, and by permitting more efficient use of facilities), and thereby reduce the alleged cost differentials to be met in a broader program of subsidized shipbuilding for a deepsea merchant marine. In any event, the money involved in subsidized shipbuilding is not simply out of pocket cost. While the government may have to pay out money to cover a deficit in the shipyards as such, it thereby creates employment in many allied industries and promotes the development of facilities which may have beneficial effects far beyond the confines of the shipbuilding industry as such.

Finally, there is the fact that the Government is legally bound to support the idle shipyard trades by one means or another. The question may well be asked at a time like the present when large numbers of shipyard workers are unemployed and many others face the immediate prospect of unemployment, whether it is wiser to pay them the equivalent of 75 cents per hour in unemployment benefits or to keep them productively employed by absorbing some small cost differential in shipbuilding.

We have already referred to the decline of employment in shipbuilding since the end of the war. Each of the unions associated in this submission has a large number of unemployed members at the present time, with no visible prospect of employment in the near future. Moreover, there appear to be no orders for shipbuilding on hand, hence the probability is that further layoffs may be expected.

All levels of government are faced with the problem of dealing with the unemployment situation. The Dominion-Provincial Conference in Ottawa has tried to work out means of coping with the cost of supporting the unemployed.

It is our submission that one important area of unemployment can be eliminated. The shipbuilding industry can grow and develop, and promote the development of related industries, if the government will assume responsibility. This is a better solution than unemployment relief.

RECOMMENDATIONS

Our conclusion from the above analysis is that the minimum measure which would contribute to the prosperity of the maritime industries on this coast is an act to restrict the coastal trade to vessels built, owned and registered in Canada.

In addition, we would propose that encouragement be given to the building of vessels for the foreign service, by means of a subsidy based upon the excess of Canadian over United

* - Vancouver Sun, February 8, 1955 and numerous other press items.

Kingdon shipbuilding costs. We would also propose that shipbuilding orders under such subsidy be made subject to competitive bids, and that, if it can be shown that West Coast costs are higher than those of Eastern yards an allowance be made for such difference in determining the successful bidder.

Thirdly, we would propose that all government assistance to shipowners, whether in the form of operating subsidies, such as those now given for certain coastal operations, or for the building of new vessels be conditional upon a provision that all repairs to such vessels be carried out in Canadian yards.

Finally, we would recommend to the commission a review of the effect of the Government's trade policies upon the volume of our exports to and imports from the nations of the far east and on trans-Pacific shipping from British Columbia ports.

CONSOLIDATED PAPER CORPORATION LIMITED

P.O. Box 69
Montreal

May 31st, 1955

Mr. G. G. McLeod,
Secretary,
Royal Commission on Canadian Coastal Shipping,
490 Sussex Street,
Ottawa, Ontario.

Dear Sir,

Re: Royal Commission on Canadian
Coastal Shipping - P.C. 1955-308

In accordance with your request for the views of shippers on the subjects assigned to your Commission, the following expresses this Company's attitude about these problems. Inasmuch as

- (1) we are principally engaged in the newsprint business which for the most part is traded without any duty restrictions all over the world;
- (2) the principal restriction to free trade overseas in Canadian newsprint is lack of dollars;
- (3) foreign competitors have no restrictions in regard to the nationality of the ships employed in shipping their newsprint;

Therefore the Management of this Corporation firmly believes that Coastal Trading on the two coasts and on the St. Lawrence River and the Great Lakes should be free from any and all restrictions purporting to eliminate or hamper competition between any and all water carriers, regardless of their registry.

We believe that any country to which we sell newsprint should not be denied the right to earn Canadian dollars in shipping in order to assist them in maintaining their trade with Canada.

Further, it is felt any restrictive measures discriminating against the greater majority of foreign flag vessels tend to create a monopoly amongst the Canadian and British steamship companies and is deemed detrimental to the nation as a whole and to this industry in particular.

Should your Commission find that Canadian ships need assistance, we respectfully suggest that this assistance be given in such a manner as not to handicap Canadian exporters.

Yours truly,

CONSOLIDATED PAPER CORPORATION LIMITED

(Signed) G. M. Hobart

President

SUBMISSION
of
CANADIAN SHIPOWERS ASSOCIATION
to the
ROYAL COMMISSION ON COASTING TRADE

1. Canada as the fourth largest international trading nation in the world, one fifth of whose gross national product is derived from international trade, has a vital interest in efficient and economic water-borne transportation.
2. Regularity and continuity of shipping services at the lowest possible cost are essential to the Canadian economy. In 1953 the Canadian Coasting Trade exceeded thirty-two million tons and Canadian overseas trade exceeded twenty-five million tons. Of the latter, more than four million tons commenced its overseas movement as part of the coasting trade on the Great Lakes alone. When completed, the St. Lawrence Seaway should be able to make an important contribution to the reduction in the costs of these services thus increasing Canadian opportunities for overseas trade.
3. The Canadian Shipowners Association submits that it is not in the national interest to allow such an essential service to be dominated by non-Canadian interests over which neither the Canadian Government nor the Canadian people have any control.
4. When Canadian-registered shipping services are exposed to international competition they are, due to high costs directly related to standards of living in Canada with but one exception (the United States), non-competitive. As a result, Canadian flag ocean-going shipping services, for all practical purposes, have been driven from the seas and these services are now supplied and controlled by non-Canadian interests.
5. With the completion of the St. Lawrence Seaway, Canada will be able to originate a much larger proportion of her overseas traffic as a direct movement to and from ports on the Great Lakes, thus enlarging the scope of operators of non-Canadian shipping services.
6. The Canadian Shipowners Association firmly believes in the greatest possible freedom of opportunity in international trade and transportation consistent with adequate protection to the national economy.
7. Such an ideal will not be accomplished by further restricting the Canadian Coasting Trade or by circumscribing the potential benefits of the new seaway through greater protectionist measures designed to limit international competition for the benefit of certain special interests.
8. The Association contends that the maintenance of adequate Canadian-controlled and -operated shipping services and their attendant shipbuilding and ship repairing facilities, sufficient to insure that water-borne transportation services to, from and within Canada cannot be exploited to the advantage of foreign competitors for Canadian overseas and domestic trade and which will be available in times of emergency (when non-Canadian services may not be), is a national responsibility the costs of which should be borne by the nation as a whole and not by any particular section of the country, nor made an enforced burden on users. Unlike most productive efforts which receive their protection through tariffs, shipping is an essential service benefiting the entire economy to

which the usual forms of protection cannot be fairly applied.

9. Ways and means should be found to support these industries if and when necessary but, in the considered opinion of this Association, more restrictive measures are not the proper method. It would not be, therefore, in the national interest to make any such changes in the present statutes governing Coasting Trade of Canada.
10. In support of this point of view the Canadian Ship-owners Association submits the following Brief to the Royal Commission on Coasting Trade.

B R I E F

by the

CANADIAN SHIPOWNERS ASSOCIATION

on the

COASTING TRADE OF CANADA

1. The Canadian Shipowners Association represents the views of twenty-six companies owning eighty (80) ocean-going cargo vessels of 509,000 gross tons. While these vessels are primarily employed in deep-sea international trade, when suitable opportunities offer, they also engage in the domestic Coasting Trade of Canada. Seventy-seven (77) of these vessels were purchased from the Federal Government subject to a flag covenant which requires the owner to secure prior permission of the vendor before making any application for change of registry. Under the terms of a special inter-governmental arrangement these vessels are presently registered in the United Kingdom. Owners of these seventy-seven (77) vessels cannot transfer them off United Kingdom registry or return them to Canadian registry without the permission of the Canadian Government.
2. Off the one hundred and twenty (120) ocean-going dry-cargo vessels owned in Canada, one hundred (including the seventy-seven mentioned above) of 702,400 gross tons are registered in the United Kingdom under the same arrangement as outlined in paragraph 1, an arrangement devised by the Government as an alternative to providing assistance for Canadian-flag operation.
3. Under this special inter-governmental arrangement whereby flag-covenanted vessels are permitted to operate on United Kingdom registry, Canadian owners have been required to enter into an undertaking to use their best endeavours to secure dollar cargoes.
4. At present, the Canadian Coasting Trade, by virtue of Part XIII of the Canada Shipping Act (Chap. 29, R.C.S. 1952) as bound by the Commonwealth Shipping Agreement of December 10th, 1931, is open to all vessels registered in the British Commonwealth. A revision of the existing Canadian Coasting Law could prevent, under the terms of the special transfer arrangement between the United Kingdom and Canadian Governments, 84% of the present Canadian-owned ocean-going dry-cargo fleet from participating in these domestic trades.
5. Any change in the qualifications for participating ships could make it more difficult or even impossible to carry out the obligations of the transfer arrangements by depriving the industry of an important present and potentially greater source of dollar earnings. Thus, any enquiry into the present statutory provisions governing the Canadian Coasting Trade which might lead to a revision is of vital importance to this segment of the Canadian-owned shipping industry.
6. The Dominion Bureau of Statistics estimates the total volume of the Canadian Coasting Trade in 1953 (including that on the Great Lakes) at 32,467,480 tons - of this 94.7% was carried in Canadian registered vessels, 5% in United Kingdom-registered vessels including those which are Canadian-owned, and .3% in

American ships.

7. The Coasting Trade of Canada can be subdivided into four principal fields of activity:
 - (a) the Pacific Coast;
 - (b) the Great Lakes - St. Lawrence River area west of Montreal;
 - (c) the East Coast including the St. Lawrence River east of Montreal; and
 - (d) Intercoastal (i.e., water-borne traffic between the East and West Coasts via the Panama Canal).

In 1953 the volume of loadings for discharge at other Canadian ports amounted to:

Area

(a) Pacific Coast	5,491,978 tons
(b) Great Lakes	13,393,630 tons
(c) East Coast	13,581,872 tons
(d) Intercoastal - no official statistics are presently available	

8. In the Pacific Coast area (a) as far as we are aware, there is no evidence of serious participation by other Commonwealth ships due to:
 - (i) the distance from other parts of the Commonwealth; and
 - (ii) local development of domestic-tug and barge-type of operation.

In the Great Lakes area (b) the same applies due to:

- (i) the natural barrier of the St. Lawrence River between Montreal and Prescott; and
- (ii) the restrictive provisions of Section 10(5) of Part II of the Transport Act.

Canadian-registered shipping in both these areas has been able to dominate the Canadian Coasting Trade.

9. In practice, participation in the Coasting Trade of Canada by Commonwealth vessels other than Canadian has been traditionally confined to the East Coast area (c) (including the St. Lawrence River east of Montreal for bulk cargoes, or by virtue of the Transport Act for other cargoes eastward from the west end of the Isle of Orleans). A few small United Kingdom ships in recent years have commenced trading between areas (b) and (c) and in the inter-coastal services between areas (a) and (c) the occasional ocean-going vessel has been used.
10. The United Kingdom and some colonial dependencies are the only part of the Commonwealth, with resources and interest, competent to engage in the Canadian Coasting Trade. According to preliminary figures furnished by the Canadian Maritime Commission, forty-four (44) other British (United Kingdom and colonial dependency) registered vessels participated in the Canadian Coasting

Trade during the 1954 season of navigation. These carried 7.6% of the estimated total Coasting Trade of Canada for all areas (no breakdown of the 1954 trade by areas is yet available). Of the forty-four (44) United Kingdom vessels, sixteen (16) were owned by Canadians and carried 1.6% of the total coasting trade, approximately 500,000 tons. All these vessels were employed in the East Coast area (c) or in a limited degree between the East Coast and the Great Lakes areas (b) and (c), and between the Pacific Coast area (a) and East Coast area (c) in intercoastal service.

11. It is recognized, however, that on completion of the St. Lawrence Seaway the Great Lakes trades could be opened to greater penetration by United Kingdom and colonial shipping interests and for some there is an apprehended danger these interests may wish to increase their activities and thus, with the benefit of lower capital costs and possibly cheaper operating expenses might drive Canadian-built and -registered vessels out of business. On the other hand, as indicated in the preceding paragraph, it is significant that in the East Coast area (c) where non-Canadian Commonwealth vessels have not been handicapped by natural barriers, as in the case of other areas, and have traditionally engaged in the Canadian Coasting Trade, their proportion of the total loadings for discharge at other Canadian ports has always been small amounting in 1953 to only 2,028,602 tons, approximately 14% of the total loaded in that area.
12. In 1954, according to some estimates, total direct imports and exports through Great Lakes ports exceeded 780,000 tons of which 410,000 tons were American. The latter aggregated only 0.19% of the American Great Lakes Coasting Trade. The 370,000 tons attributed to Canadian sources only represented 2.76% of the total Canadian Coasting Trade on the Great Lakes during the 1953 season. If these through services to overseas destinations were not available, the greater part of this 370,000 tons practically all of which was general cargo, would have been carried by means other than coasting shipping. It is our opinion that even after the seaway is completed other Commonwealth and foreign vessels will limit their activities to the direct carriage of overseas imports and exports. While an expansion in these services (to avoid transshipment) may tend to reduce the total volume of Canadian Coasting Trade in area (b) (the Great Lakes - St. Lawrence River West of Montreal), we do not think it need assume proportions of a significant character. In any event, additional restrictions in the Canadian Coasting Trade would not prevent but might even encourage such a development. It is our belief that the seaway will create in addition to new opportunities, new patterns for certain types of present traffic that will affect other transportation media more than coastal shipping services.
12. This Association submits that due to the development of a barge and tug-type of operation on the British Columbia Coast and with the highly specialized and efficient carries and barges designed for bulk-carrying operation on the Great Lakes, Canadian shipping interests in these areas, even with the advent of the St. Lawrence Seaway in case of the latter, have little to

fear in the future from greater Commonwealth competition in the coasting trade. This point of view is predicated on:

- (a) It is becoming increasingly difficult to find skilled seagoing personnel in the United Kingdom and there is evidence that any further expansion in her merchant marine, particularly for lengthy periods of foreign service, can only be accomplished at much higher cost, thus reducing the present competitive advantage of United Kingdom-registered vessels. Already difficulties have been experienced with United Kingdom seamen working in the Canadian Coasting Trade. It cannot be expected that non-Canadians will work for long in Canada for less than standard Canadian wages;
- (b) the greater revenue-carrying capacity, thus greater earning power in relation to capital and operating cost, of the specialized lake-type carrier compared with an ocean-going vessel; (The draught limitations of the proposed seaway will effectively control the carrying capacity of a regular ocean-going dry-cargo vessel.)
- (c) the much smaller capital investment and operating costs of the domestic barge-type operation so adaptable to the protected waters of the West Coast and, on the basis of United Kingdom prices, the lower capital cost in relation to carrying capacity of specialized lake-type vessels and barges compared with ocean-going vessels. (Under present statutes, with the advent of the seaway, shipping interests in the Great Lakes will have access to less costly ship-building facilities of the United Kingdom thus capital costs for new and replacement tonnage will be equalized with that of any other competitor presently permitted by law.)

In respect to the East Coast area (c) and to traffic between the Great Lakes area (b) and the East Coast area (c) it would work an unnecessary hardship on the former to deprive this economically less fortunate part of Canada of the advantages of the less costly and already well established other Commonwealth waterborne transportation services, which would be the case if such services had to be supplied exclusively by Canadian-built and -manned shipping. In so far as intercoastal services are concerned, any change in the existing laws governing coasting in Canada which precludes the use of other Commonwealth ships, would deprive this service of its present competitive position with other transportation media (rail and truck). The intercoastal shipping service plays an important role in reducing transcontinental shipping costs. The discontinuance of this service, which would be inevitable, would be an important loss to the Canadian economy.

14. Having regard to the foregoing, the Canadian Ship-owners Association submits the following comments on the terms of reference of the Royal Commission.

Reference

- (a) "the relationship of the coasting trade of Canada, including the Great Lakes, to Canadian shipping and ship building, and the effect on such shipping and ship building of the participation in the coasting trade of Canada, including the Great Lakes, of ships or other marine craft registered or built outside of Canada."

Comment

Only in the Great Lakes area is there any evidence of a direct relationship between the Coasting Trade of Canada and Canadian shipping and shipbuilding. In the East Coast area if there is such a connection it is a Commonwealth one. In the Pacific Coast area the relationship with the coasting trade on the shipping side is primarily Canadian but a Commonwealth one in respect of ship-building. The intercoastal service is essentially a Canadian effort using United Kingdom registered vessels.

In the Great Lakes area, two factors have effectively restricted competition from other Commonwealth shipping:

- (i) the limitation of the 14 ft. canals in the St. Lawrence River; and
- (ii) statutory provisions of Section 10(5) of Part II of the Transport Act, Chap. 271, R.S.C., 1952.

Even in the East Coast area, where employment of Commonwealth shipping has been a long-term practice, the actual participation has never been very great (14% in 1953).

In the Pacific Coast area the participation by other Commonwealth shipping has been negligible.

In the field of shipbuilding, however, in the Pacific Coast and East Coast areas, the advantage of being able to acquire certain types of specialized vessels in the lower cost shipbuilding yards of the United Kingdom has been a marked economic advantage to the areas concerned. Areas served by coastwise shipping on both the Pacific Coast and in the Maritime Provinces are (in an economic sense) marginal ones. Many shipping services, particularly in out-lying areas, are already subsidized by the Federal Government. Any increase in the capital cost of the equipment required (as would be the case if greater protectionist measures were adopted) would only increase the cost of essential transportation in those areas of Canada least able to afford the additional cost.

In contrast, in the Great Lakes area, Canadian shipbuilding for coasting operation has become an all Canadian affair; Section twenty-two (22) of the Canada Shipping Act having had the effect of shutting-out overage American vessels which it was the custom to import prior to World War II. The enlargement of the St. Lawrence canals from 14 ft. to 27 ft. draught will

bring into the Great Lakes many more vessels. Already established shipyards should benefit from the additional repair work which will inevitably accrue.

Reference

- (b) "the probable effects of the development of the St. Lawrence Seaway upon the coasting trade of Canada, including the Great Lakes."

Comment

As a transportation medium, the St. Lawrence Seaway cannot be anything but beneficial. What effect, if any, the enlarging of this important facility may have on the Canadian Coasting Trade in the Great Lakes area, and this is the area which will be mainly concerned, can only be determined by experience, but for the reasons already stated, we are of the opinion that the benefits should be more helpful than harmful, even to present Canadian vessel operators in that area. To deny them the opportunities of acquiring their capital equipment in less costly markets would be to deprive these Canadian operators and the Canadian economy as a whole, of one of its principal advantages.

As we envision the seaway, its greatest benefit will accrue from the possibility for much cheaper transportation costs of bulk commodities between the United States and Canada; and between the respective areas in Canada; and the evolving of new trading opportunities consequent upon these cheaper transportation costs for direct carriage to and from overseas destinations. None of these developments, in our opinion, need seriously disturb the existing pattern of the Canadian Coasting Trade providing that the present coasting shipping interests are prepared to fully utilize the advantages they now have to meet potential competition from ocean-going operators.

Reference

- (c) "the relationship of the coasting trade of Canada including the Great Lakes, to the domestic and international trade of Canada and to Canada's external relations; and the effect of the participation in the coasting trade of Canada, including the Great Lakes, by ships or other marine craft registered or built outside of Canada upon the domestic and international trade of Canada, and Canada's external relations."

Comment

Having regard to the fact that Canada is the fourth trading nation in the world and one fifth of her gross national product arises from external trade, the most important relationship of the coasting trade to the domestic and international trade of Canada is that what in the first instance may appear to be domestic trade is to a substantial degree

(one third in respect to coasting on the Great Lakes) a component of international trade and therefore vitally dependent on low-cost transportation. The relationship of the Coasting Trade of Canada to the Canadian economy is, therefore, two-fold, i.e., both domestic and export trade.

Canadian development has been towards the position of a great international trading nation, a position which she now enjoys and on which her present and future prosperity depends. Canada is, therefore, rightly one of the strongest advocates and most faithful supporters of the General Agreement on Tariffs and Trade (GATT). To add further restrictions to the ability of our overseas customers to save or earn Canadian dollars might not only defeat the purpose of the new seaway, but certainly would be the source of considerable embarrassment in our external trading policies and could bring retaliatory measures which might hamper further expansion of Canadian trade, in particular the free movement and other benefits now enjoyed by Canadian-owned ocean-going shipping services.

In respect to the particular position of the United States on the Great Lakes, continuation of the existing Canadian Coasting Law should not be objectionable since United States Coasting Laws are much more restrictive than Canadian. On the contrary, any relaxation in the present Canadian requirements, might be welcomed by U.S. lake shipping interests as it would give them greater opportunities for employment than they now enjoy. While American operating costs have always been understood to be greater than Canadian, it is significant that these operators are always willing and anxious to engage in the Canadian Coasting Trade at Canadian freight rates when permitted to do so.

While it is desirable for Canada to promote the greatest possible freedom in international transportation and trade, it is not in the national interest to do so to the complete exclusion of Canadian participation in such an essential service as shipping. As has been demonstrated, ocean-going shipping is already well integrated into Canadian coasting shipping services and will be even more so on completion of the St. Lawrence Seaway. It would thus seem desirable, if for no other reason than as an insurance element against exploitation by non-Canadians to preserve at least a nucleus of both the foreign-going and domestic Canadian shipping industries. In their relation to the Canadian economy, it must be apparent that both the coasting and ocean-going segments of the industry are interdependent. If the Commission finds that some measure of protection is necessary and desirable for the former, then it is our view that it is just as essential for the latter and that they must be treated as a whole.

Experience of two major world wars has demonstrated conclusively that neither the shipping industry nor the shipbuilding industry can be resurrected except at great expense and considerable time. On these grounds alone, it must appear to be in the national interest that at least an adequate nucleus of each of these industries is retained in Canada.

Reference

- (d) "the necessity, if any, of establishing different policies and prescribing special conditions with respect to the coasting trade of Canada, including the Great Lakes, applicable to particular parts of Canada."

Comment

The Canadian Shipowners Association submits that there is no necessity nor is it desirable at this time to revise the existing Canadian Coasting Law. Nor does it believe, from the evidence available, that with the completion of the seaway, conditions will change to the point where the Canadian coasting Trade, per se, need be subject to unfair or unreasonable competition. It is our view that the seaway will primarily open up new opportunities of material benefit to Canadian shipping interests. While it is evident that both the Canadian shipping and Canadian shipbuilding industries, where they are in direct competition with similar interests abroad, can only be maintained with some assistance, it is the considered opinion of the Canadian Shipowners Association that complete closure of the Coasting Trade of Canada to purely Canadian interests would not accomplish such a purpose. Such action might not only tend to over-develop certain specialized segments of both industries at the expense of others, creating monopolistic conditions detrimental to the national economy as a whole, but would tend to encourage the expansion of direct services at the expense of the coasting trade on the Great Lakes and thus defeat the purpose.

On the contrary, we suggest that the existing provisions of Parts II and IV of the Transport Act are already too restrictive and thus inimical to the full development of our coasting and intercoastal shipping services, denying to Canadians the full benefits to be gained from cheaper forms of water transportation.

In addition, any change in the existing coasting law will require either amendment to or withdrawal from the Commonwealth Shipping Agreement of December 10th, 1931. There are many benefits to the ocean-going segment of the Canadian shipping industry in this agreement (e.g., common status of seamen and ships; extra-territorial application of Canadian law) and any move by Canada to either amend or withdraw from this agreement could conceivably result in the loss of such benefits. Such loss could be more damaging to Canadian Commonwealth relations than the benefits which might accrue to any special interests.

On the other hand, Section 673 of the Canada Shipping Act empowers the Governor in Council to suspend the coasting law. The persistent and easy use of this escape clause in recent years has tended to encourage users of ships in coasting services to manoeuvre their requirements so as to be able to invoke this suspension feature on the grounds that no suitable Commonwealth ship is available. The ease with which this provision can be used discourages Canadian shipping interests from acquiring or building equipment to fully service domestic need. In the United States, for

instance, relief from their coasting law can only be obtained by an Act of Congress. As a result ship-owners have some assurance that their interests will not be subject to day-to-day representations. American shippers have to adjust themselves accordingly, a situation which in our view should prevail in Canada. We suggest that the administration of this feature of the Canadian Coasting Law should be made more advantageous to ship operators.

To sum up this Submission, we strongly urge:

- (a) that there be no change in the present Canadian law governing the Coasting Trade of Canada;
- (b) that the provision for relief from the law be made more stringent; and
- (c) that the restrictive provisions of the Transport Act when applied to coastwise water-borne transportation be substantially modified.

Respectfully submitted,

CANADIAN SHIPOWNERS ASSOCIATION

Postal Address:
 Box 130 -- Station "O"
 Montreal, Quebec
 Telephone BYwater 2431 - 2432

A. E. WATTS LIMITED

10040 Montee St. Laurent
 Ville St. Laurent, P.Q.

June 3rd, 1955.

Commissioners of the Royal
 Commission on the Coastal Trade,

Dear Sirs:-

As a Manufacturer of specialized marine-type heating equipment, our Company has participated to some extent, in the growth and development of the shipbuilding industry in Canada. With a good part of our production being in this field, we are partially dependent on the shipbuilding industry in maintaining employment for our men. We are only one of many allied industries who find themselves in this position. We therefore feel that the shipbuilding industry is a very important contribution to the national economy of Canada.

During the past decade, we have seen Canadian shipbuilding reduced from a robust industry at its war-time peak, to where it is now, to some extent, dependent on a reduced naval and government shipbuilding program. This has resulted in a decided break in our production during the past 6 months and consequently, we have found it necessary to lay off skilled men to add to the Nation's unemployed.

We cannot foresee any improvement in this situation under the existing laws which have resulted in a large percentage of merchant shipbuilding going to crowded European shipyards.

As manufacturers and suppliers of marine equipment, we should feel extremely optimistic by the advent of the St. Lawrence Seaway. However, unless the Canada Shipping Act is amended restricting Canadian coastal trade to vessels under Canadian registry only, we will find that our Great Lakes shipping at present under Canadian registry, will be jeopardized in that foreign vessels built in Europe with European crews, will be carrying goods from one Canadian port to another. These vessels would, in all probability, return to European shipyards for refits in the Winter, further weakening our Canadian shipbuilding industry. We are therefore, strongly in favour of legislation to assist the shipbuilding industry here in Canada and to protect our shipping lines engaged in Canadian coastal trade from unfair competition.

Manufacturing wages in Britain are less than $\frac{1}{2}$ of those paid to men in our Canadian shipyards and our seamen are on similar scales. Industrial wages make up a large proportion of the cost of shipbuilding because marine equipment by its nature, does not lend itself to mass production. This difference in labour costs alone places the owner of a British built ship in an advantageous position under present laws, when operating in Canadian Coastal or Inland waters. This advantage is still attractive after the present 23% duty is paid.

These British and other foreign vessels provide no employment for Canadians and indeed, have left many Canadian seamen on unemployed lists in the past years.

In ending, may we respectfully request permission to appear during the hearings of the Royal Commission in the interests of amending the present coastal laws.

Yours very truly,

A.E. WATTS LIMITED

W.C.R. Sergeant,
 President.

BATHURST MINING CORPORATION LIMITED

Suite 908 - 330 Bay Street
TORONTO 1, Ontario

June 6th, 1955.

The Royal Commission on Coasting Trade,
OTTAWA, Canada

Attention: Mr. G. G. MacLeod, Secretary

Subject: Coasting Trade

Dear Mr. MacLeod:

We have been advised that the Royal Commission on Coasting Trade has been formed to study coastal shipping and, since we are operating both in New Brunswick and Newfoundland, the subject of coastal shipments is becoming of increasing importance to this office. We would therefore like to present our views on this matter.

We are presently developing lead, zinc, copper and pyrite deposits in the Provinces of New Brunswick and Newfoundland. The mining and selling of the above metals is highly competitive and costs must be kept to a minimum and the vessel tonnage to be moved will be very large.

While we can readily appreciate the feeling in having Canadian vessels handle all Canadian and inland cargoes, the fact remains that Canadian tonnage available for this trade is presently inadequate and it will, in all probability, be years before sufficient tonnage is available to permit all Canadian participation.

In considering this matter, we must take a broad view of the effects it would have on our economy insofar as how this restriction may affect shippers located in coastal waters as opposed to lake shippers.

We can readily visualize the effects such a restriction would have on our business and also the Cape Breton coal trade and, in view of this, we are of the opinion that vessels of British registry should continue to be permitted to operate in this trade as presently authorized in the Canada Shipping Act.

We feel it would be a very short-sighted policy on the part of the Royal Commission on Coasting Trade to restrict Canada's coastal trade to Canadian registered ships and we feel that should this restriction become law, it could have an adverse effect on the mining industry in the Atlantic provinces.

Yours very truly,

BATHURST MINING CORPORATION LIMITED,

R. J. Isaacs, Vice President
& Managing Director.

for M. J. Boylen, President.

ALUMINUM COMPANY OF CANADA, LIMITED, RESPECTFULLY SUBMITS:

Aluminum Company of Canada, Limited -- an important producer of primary aluminum metal, semi-fabricated aluminum products, and industrial chemicals -- has a great interest in the current investigation and desires to record its position. We are in favour of maintaining the status quo of the present coastal trading laws which permit trading within Canadian coastal waters by Commonwealth vessels, and we are opposed to any revision which would further restrict Canadian coastal trading, whether through the Canada Shipping Act, the Customs Act, the Transport Act or any other medium. We have been influenced by the following considerations:-

1. Our smelters and fabricating plants are located at Arvida, Isle Maligne, Shawinigan Falls, Beauharnois, Kingston, Toronto and Kitimat, all of which are served directly by water terminal facilities, or are located within a few miles of such facilities. It is a well known fact that the location of these and similar operations are the result of studies made to determine the lowest cost method of handling various commodities both in and out of the Saguenay and St. Lawrence Rivers, the Great Lakes and British Columbia areas. Our manufacturing plants were located after taking all the facts into consideration, and any change that might be made in the present freighting arrangements could very easily adversely affect our cost of manufacturing.
2. Our experience is that increased restrictions result in increased freight rates. It is our considered opinion that any change which would further restrict the registry of vessels permitted to operate in Canadian coastal trades, or between Canadian points on or within and without the Great Lakes, would have the effect of increasing transportation costs in direct ratio to the reduction of competition. We strongly suspect that if further restrictive action were taken there would then be instances where we and other industries could not secure shipping at a rate we could afford to pay without relocating manufacturing and distribution facilities. These moves would be costly to the industries affected and disruptive to the communities involved.
3. The Aluminum Company of Canada, in keeping with many other Canadian companies, must export the majority of its output to maintain and expand present operations. We, as one of the large Canadian exporters to Britain and Commonwealth countries, recognize the necessity of purchasing certain of our requirements of goods and services in such countries so that they may earn Canadian dollars with which to continue buying from Canada. One of the ways in which Canadian industry contributes to the earnings of Commonwealth countries is to utilize their shipping service. We presently use such services for coastal and international movements and wish to continue to be able to do so.
4. Canada does not necessarily restrict foreign imports because they are made by labour earning less than similar labour in Canada. We believe that different treatment for Canadian ships and shipping as opposed to ships of other Commonwealth countries is unwarranted and that Commonwealth ships built and operated at lower labour rates should be permitted to provide service in Canada if they so desire.
5. During the years of discussion concerning the St. Lawrence Seaway, we always looked forward to its realization believing that a seaway would result in a substantial improvement in water transportation service in the Great Lakes area. This area is, of course, most important to us since it is a principal source of our raw materials; it includes our fabricating plants and a high percentage of our

Canadian and American customers. Now that the Seaway is authorized, we look forward to reduced water transportation costs resulting from the use of larger ships, more frequent and faster service and improved harbour facilities. We would be disappointed if the potential lower transportation costs offered by the Seaway were offset by additional restrictive legislation.

For the foregoing reasons we would favour the greatest circumspection and resistance to any proposals to change the coastal trading laws in any manner that might adversely affect transportation costs for companies such as ours. We are therefore very decidedly opposed to any additional restrictions and further believe that Canada's coastal trading laws should be in such form as to leave us free to make our own choice of freighting arrangements on all our business which moves along the Canadian Coasts.

Respectfully submitted,

ALUMINUM COMPANY OF CANADA, LIMITED

(signed) L. P. Leduc
Secretary

Montreal, 7 June 1955

MacMILLAN & BLOEDEL LIMITED

Proprietors of Logging Operations,
Sawmills, Shingle Mills, Pulpmills,
Plywood Plants and Door Factory,
Lumber Merchants & Ship Operators.

837 West Hastings St.,
VANCOUVER 1, Canada

June 7, 1955.

G. G. McLeod, Esq.,
Secretary of the Royal Commission on Coasting Trade,
490 Sussex Street,
OTTAWA - Canada.

Dear Mr. McLeod:

Our Company appreciates the opportunity to make a recommendation to the Royal Commission on Coasting Trade of Canada.

We urge that the Commonwealth agreement which allows British vessels to operate in the Canadian Coastal Trade be re-affirmed and extended.

It has major advantages for Canada:

1. Dollar earnings of the British merchant fleet assist Britain to pay for her purchases from Canada.
2. Lowest cost water transport has built up exchange of goods between Canadian ports and provinces separated by hundreds or thousands of miles of land or sea.

Restriction of Canadian Coasting trade to Canadian-built or Canadian-registered ships would damage or wipe out both these advantages, by reason of the higher costs of building and operating Canadian ships, in comparison with British ships.

Higher coastal freight costs would be followed by an attempted transfer of the movement of some kinds of goods to rail or truck hauling. But the interprovincial trade built up over many years, based on lowest-cost water transport, would shrink. In some instances the buyers would turn to foreign supplies; canned foods, forest products, shipped from the Pacific Northwest States of the U.S.A., in foreign flag vessels could displace similar products moving at present in British ships from British Columbia to Eastern Canadian ports.

Higher coastal freight cost would remove the spur of competition which water transport provides to rail and truck shipping. Encouragement would thus be given to further rises in rail tariffs, which are already at such levels as to discourage and reduce movement of goods by long rail haul.

Our Company, which employs nearly 9000 Canadian workers, is a producer of forest products in many forms (lumber, plywood, pulp, shingles). Lacking a large enough home market, we have to find a sale for the bulk of our production in foreign and overseas markets.

The average haul (and freight bill) to the markets for British Columbia's forest products is greater than from any other forest area in the world. Only the keenest efficiency of operation, with all factors of cost kept at a minimum, enables British Columbia's forest products to compete with other regions that are favored by lower freight and other costs. Restriction of Canadian Coastal Trade to Canadian ships would increase our costs, whether directly by higher rates, or indirectly by subsidies collected from Canadian taxpayers.

The exclusion of British tonnage from this trade would affect Canadian exports, by reducing the ability of the United Kingdom to pay for Canadian manufactured goods and farm and forest products.

British purchases from Canada far exceed Canada's purchases from Britain. Our sales there are already in danger of being reduced from present levels unless our mutual trade is put in better balance.

Rather than place new obstacles in the way of Britain's ability to earn Canadian dollars, we should seek ways of encouraging greater purchases by Canada of British goods and services. Therefore we urge in the strongest terms a continuance of the existing and longstanding Commonwealth agreement which permits Britain to engage in Canada's Coastal Trade.

Yours very truly,

MacMILLAN & BLOEDEL LIMITED.

B. M. Hoffmeister
President.

B-43 Brief Submitted by:

THE CANADIAN BLOWER & FORGE COMPANY LIMITED
Kitchener, Ont.
9 June 55

There are certain industries in Canada whose operation and productive capacity play a very important role in the maintenance of the country's economy and security. This position is brought about both by their contribution to the employment of our citizens in their own plants, and by their support of the production of other industries of the community in respect to its material, and labour, as well as their very vital potential in the way of defence production. The Shipbuilding and Repair industry stands very prominently in the foreground of this field.

As suppliers of ventilating equipment and pumps to the various shipyards, we are deeply interested in the continued active operation of these plants. Over a term of fifteen years, we have supplied the shipyards a volume of products for naval and domestic units, representing upwards of eleven percent. of all sales. During these years, our company has developed a very high degree of technical skill in this field. Such know-how will have a definite value in case of emergency, and its maintenance is quite important in the light of the time lag in production that would be experienced in case it were allowed to lapse.

Certain developments having an adverse effect on the shipbuilding industry and the manufacturers of marine equipment are causing us some concern. Canadian operators in the coasting trade are being allowed to import and bring on to Canadian registry second-hand obsolescent vessels built in United States and purchased at much lower prices than obtain in Canada for new tonnage built in this country. This practice is depriving and will deprive Canadian workmen of employment and if allowed to continue will work to the serious disadvantage of the shipbuilding industry and will result in the dissipation of the skills now developed, thereby jeopardizing its potential effectiveness in the case of some defence emergency.

With the opening of the St. Lawrence Seaway, it is expected that, under existing coastal legislation, the direct competition of the more cheaply built U.K.-owned vessels will increase and bring about a reduction of work in Canadian shipyards.

If the shipbuilding industry cannot be kept active due to lack of orders for building and repairing ships, there will be lost to Canada both the advantage of a quick means of providing for its naval requirements and an effective instrument in the stimulation of domestic labour in the shipyards and in the plants across Canada that produce materials and equipment for ships.

In view of the importance of an active shipbuilding industry to Canada strategically and from the economic standpoint, we wish to urge that the Commission give careful study to the need of reserving the coasting trade to ships built and registered in Canada.

GUY TOMBS LIMITED

1085 Beaver Hall Hill
Montreal 1.

June 1, 1955.

Gentlemen:

It is a privilege to be invited to make submissions in writing to the eminent body which is charged with enquiring into the relationship and probable effects of the St. Lawrence Seaway on Canadian coasting services, shipping and shipbuilding, domestic and international trade and lib.

The views which follow result from a life-time (25 years of which as a Railway and/or Steamship Official) devoted to the transport of persons and the forwarding of commodities as cheaply and efficiently as possible.

It is well-known that the lower the cost of distribution the wider the circle of market opportunities. A firm believer for many years therefore in the necessity of deepening and improving worth-while waterways, to provide not only lower transport costs but to mitigate the seasonal freight car shortages, I demonstrated the practicableness of the present St. Lawrence Waterway by shipping in Norwegian and British bottoms through cargoes of China Clay from Fowey, England to Michigan City, Indiana and other Lake Michigan ports as early as 1924-5-6, following up this experiment by diverting to the St. Lawrence route, Scandinavian-Middle-West woodpulp movements, quite heavy in that period, all to the delight of U.S. mid-west St. Lawrence Deep Waterway proponents.

Foreign Steamship owners gradually took over in anticipation of improved channels and by now there must be twelve (12) regular ocean freight services between the U.K., Scandinavia, the Continent, the Mediterranean and the Great Lakes, only one of which, the Manchester Line, is British, included in the above I should add is a Venezuelan service. Some of these we naturally find extremely useful, chiefly outbound so far.

Canada Shipping Act, Part XIII, Coasting Trade of Canada, reads as follows, if my copy is up-to-date (1) No goods shall be transported by water or by land and water, from one place in Canada to another place in Canada either directly or by way of a foreign port, or for any part of the transportation in any ship other than a British ship.

(2) Contains a similar ruling re the carrying of passengers. The Canada Shipping Act also specifies that "the Coast of Canada means the sea coast of Canada and the salt water bays, gulfs and harbours on the sea-coast of Canada", and further that the "inland waters of Canada means all the rivers, lakes and other navigable fresh waters within Canada, and includes the River St. Lawrence as far seaward as a straight line drawn from Cap des Rosiers through West Point Anticosti Island extending to the north shore."

In dealing with shipping it should be remembered that it is a branch of transport. By far the oldest, its laws, including its responsibilities, originated in the misty past. It, therefore, holds more rights, privileges and protection but on the other hand centuries of usefulness and valour. Its individual units can and do carry more goods and commodities at less cost than any of its allies. Canada and the United States are therefore jointly widening and deepening the pathway into the heart of the vast adjoining continent. Many estimates and prophe-

cies have been made regarding the tonnage available for the "Seaway", 50,000,000 up to 200,000,000 per year. The working capacity of the Welland Canal however is probably something under 25,000,000 tons, improvements under consideration should increase it to 40,000,000 or more.

So rapid has been the industrial and commercial expansion in both countries, particularly the United States, Canada being still largely a primary producing and exporting country, is instantly affected by fluctuations in world prices, politics or conditions, therefore, although all signs and hopes point to a large increase in water movements in each direction through the new Seaway, one must realize that the days of wartime shortages are now behind us and business has largely become a "buyers' market". Neither "capital nor labour", unpopular and out-dated concepts, is in charge or is supreme, the consumer is the "boss". If the Seaway, unlike some previous transport efforts, is blossoming at the right moment and with the development of world trade as its object, its usefulness should not be restricted or hampered beforehand by tinkering with our present laws because it is claimed someone might be hurt and one can think of places and people which may be seriously disturbed during a period of adjustment.

If this reasonable suggestion is accepted the question or problem covered by item (d) does not arise.

In any event Canadians have spent much money and effort endeavouring with partial success only to equalize rail freight rates and regulations throughout Canada.

Our citizens know from experience the evils and problems which divided rulings and consequent demands have brought upon this country.

The British have not even entered to any extent in the international lake trade much less in its Canadian domestic inland movements. That they will build special lake-ocean vessels for a 7 months annual service does not seem like them or that they could compete in a purely lake trade. Fortunately for the vast Maritime coal, ore and steel industry, British and at times Norwegian vessels have been available for that essential trade. I recommend strongly that we leave well enough alone, shipping is world-wide and there are two obvious things to be avoided:

- (1) Any urge to indulge in unnecessary barriers and consequent reprisals.
- (2) Our producers and shippers, in a vulnerable position, lake shippers and consignees have hardly forgotten the month long tie-up of a few seasons ago.

Trade is a two way stream, if we can't buy their goods, we can reciprocate in a measure by utilizing their services, available most likely on overseas commerce rather than on domestic or Can-U.S. interchange traffic.

The position of Canadian Shipyards and their output is a separate and distinct operation although naturally affiliated. Having said this perhaps I should quote here from my own public references to this particular subject, from a Special number of "Seaports and the Transport World" dated Montreal December 12/52:

"A firm believer in Canada and her sturdy citizens, Mr. Tombs is gratified to see what may be the unfolding of a comprehensive nautical programme complementary to our other forms

of transport and in keeping with our post-war status, the protection of our shores and the extension of our commerce. Such a plan would obviously include such essentials as the continuance of an adequate number of efficient shipyards at strategic points; the construction and operation through private ownership of modern deep-sea Canadian freighters; the maintenance of sufficient patrol vessels in our coastal waters, and the definite construction of the St. Lawrence Seaway, the deepening of the Richelieu and other important channels and ocean ports. These and other measures will increase our man power and our world trade."

Some form of assistance to merchant service is not uncommon, it may be in the form of the receiving country insisting on furnishing its own bottoms for the carriage of goods purchased or obtained abroad, (the United States has insisted on freighting at least 50% of Government-financed cargoes in U.S. vessels) preferential tax arrangements, capital gifts or special loans, the United States, which had assumed many responsibilities grants a construction subsidy, an operating one, a mail contract, or all three under certain conditions with all of which our authorities are well aware and may be carefully considering.

The principal export Canadian cargoes using the St. Lawrence Seaway is presumably to be grain in the "long ships" for transshipment at properly equipped St. Lawrence river ports and also in through 8,000 ton ocean-going liners, presuming again that we can recover our U.K. and some additional business if we seriously take to heart that traffic and commerce, like water, are always seeking the lowest level, and usually find it. The Canadian wheat producer, because the carriage of wheat seems to be foremost in our hopes and fears, the Canadian wheat producer being further from established seaports than any of his competitors, and Western Canada having been developed on its ability to compete in the world's wheat market, everything must continue to be done to grow, transport and market our wheat at a minimum cost. This firm does not handle wheat and I have hardly touched one kernel of it since I resigned from the C.N. Rys. on July 31, 1919.

I am thinking in terms of Canada rather than for any special interest when I reaffirm, especially after glancing over a few of the opinions, that Trade is Paramount and conclude with this warning:

"NO TRADE! NO SHIPPING!"

Respectfully submitted,

Guy Tombs,

President.

P.S. I should like to add that this represents also the views of our subsidiaries:

DAVIE TRANSPORTATION LIMITED and
GUY TOMBS MARINE SERVICES LIMITED,
C.T.

BRIEF AS PRESENTED BY FEDERATED CO-OPERATIVES LIMITED

to

THE ROYAL COMMISSION ON COASTING TRADE
June 15, 1955.

This brief is presented on behalf of Federated Co-operatives Limited. This organization is owned by some 700 local co-operatives situated in the Provinces of Manitoba and Saskatchewan. The local co-operatives or members of this organization, in turn, represent approximately 150,000 individual members, the majority of whom are engaged in agriculture.

Federated Co-operatives acts as a source of supply for these retail co-operatives, and in the pursuit of this objective it owns and operates extensive warehousing facilities in the Cities of Saskatoon, Regina and Winnipeg, redistributing warehouses at Tisdale, Yorkton and Swift Current. In addition to these distributive facilities, it owns and operates a modern oil refinery in the City of Regina, with a capacity of 12,500 barrels per day, and has extensive interests in oil wells in the Leduc Alberta field, and in the Smiley-Coleville field in Saskatchewan. The company also owns and operates a lumber mill in Interior British Columbia, coal mine in the Province of Alberta, and feed plants in Manitoba and Saskatchewan.

The volume of business transacted by this organization in the current year will approximate \$40,000,000.

This organization is not particularly interested in what is known as the "Coasting Trade of Canada," but insofar as your enquiry affects shipment on the Great Lakes, we are intensely interested. The St. Lawrence Seaway has been a dream of all forward-thinking Canadian citizens for many years. It has been regarded by the Government of Canada as a national project, and its building and completion has been definitely stated to be in the interests of Canada as a whole. With this viewpoint we agree.

Speaking specifically for Western Canada, we have for many years suffered a great economic disadvantage. We are an agricultural area producing quantities of food stuffs far in excess of our ability to consume. This means that the western Canadian agriculturist has been traditionally far removed from his market. Conversely, he has suffered the same economic disadvantage by being located far from the source of manufacture of many of the industrial products used in the home, as well as the products engaged in agricultural production. These products have come not only from the industrial centres of Eastern Canada, but from the far-flung market centres of the world.

The economic disadvantage caused by distance has been a considerable factor in western agriculture not maintaining a standard of living comparable to those engaged in agriculture elsewhere on this continent.

The western agriculturer has therefore seen, in the development of the St. Lawrence Seaway, a great avenue of traffic being opened up to bring him nearer to his market, whether it be in the marketing of primary products or the securing of manufactured goods.

It has been our supposition in supporting in every way possible, the development of the St. Lawrence Seaway, that we would have access, at the Great Lake ports of Port Arthur and Ft. William, to ocean going vessels, virtually bringing the sea lanes to our door.

We realize full well that such a move will have an impact on those who have invested in equipment which has been designed particularly to handle inland traffic. Such equipment may have available to it a much lesser volume of traffic.

This is a great technical change which must be fairly met by those involved, as have all technical changes in our history. There

has, perhaps, been no great technological change of which those intimately concerned have had greater notice than the Great Lake shippers in connection with the development of the St. Lawrence Seaway. It has been on the horizon many many years. Those engaged in this traffic have had an opportunity to prepare for its eventuality.

Undoubtedly the question of subsidies will be involved. We are not competent to say whether they are necessary or not. We do suggest, however, that if, in the opinion of this Royal Commission, subsidies are necessary, then two things should have fine consideration:

- (a) Any subsidy should be on a sliding scale downward, and disappear entirely within the shortest possible space of time.
- (b) No action should be approved or instituted that would in any way, shape or form, prevent the entrance of ocean-going shipping to the Great Lakes, nor attempt to increase what might be considered normal rates for such traffic.

The Port of Churchill and the Hudson Bay Route will come under the purview of this Royal Commission. This port of Churchill has been of considerable value to agriculture in Western Canada, and a brief in connection with that Port as it relates to your enquiry is, we understand, being presented by the Hudson Bay Route Association. This organization endorses, to the fullest possible extent, the principle involved in their presentation.

DATED at the City of Saskatoon, Province of Saskatchewan, this 15th day of June, 1955.

Respectfully submitted

H. L. Fowler,
Secretary.

CORPORATION OF THE CITY OF FORT WILLIAM ONTARIO

June 17, 1955.

The Royal Commission on Canadian Coasting Trade,
490 Sussex Street,
OTTAWA, Ontario.

Gentlemen:

The Council of the Corporation of the City of Fort William has given careful consideration to reports from the Fort William Industrial Board, the Fort William Chamber of Commerce and the Fort William Trades and Labour Council, recommending that Council endorse the resolution of the Town of Collingwood, Ontario, urging the Federal Government to enact the necessary legislation required to reserve Coastal Trade and Shipping on the Great Lakes for vessels built and registered in the Dominion of Canada, and at the same time protect the interests of the Great Lakes Communities from monopolistic and unfair actions by the Canadian Operators and Shipbuilders, once that protection has been provided.

The Council of the Corporation of the City of Fort William at its regular meeting of June 14th, 1955, passed the following resolution:

"THAT we endorse the resolution sponsored by the Town of Collingwood, Ontario, and request the Federal Government to enact the necessary legislation designed to afford protection to Great Lakes Communities from monopolistic and unfair practices by Canadian Operators and Shipbuilders in the matter of reserving Coastal Trade and Shipping on the Great Lakes for vessels built and registered in the Dominion of Canada."

Yours very truly,

(sgd) D.M. Martin

CITY CLERK

B-47

WINDSOR CHAMBER OF COMMERCE

June 17, 1955.

Mr. G.G. McLeod,
Secretary,
Royal Commission on Coasting Trade,
490 Sussex Street,
Ottawa, Ontario.

Dear Sir:

We refer to your letter of March 21, 1955, with which you enclosed a copy of the terms of reference from Order-in-Council P.C.1955-308 of March 1, 1955, applying to the inquiry which is to be instituted shortly by your Royal Commission.

We have considered the possible effects of changes in the present regulations and it is our opinion that if Windsor is to realize the maximum advantage of its location on the St. Lawrence Seaway, the forces of competition should be allowed to work to the fullest possible extent in the Great Lakes area. To exclude ships of British Commonwealth registry from operating in the Canadian Coasting Trade would limit competitive factors and work against the general welfare of Windsor as well as the other industrial port areas already existing or which are in the process of development.

The overwhelming majority of traffic handled on the Great Lakes is grain, coal and ore, and these are handled in ships specially constructed for carrying bulk cargoes which are suitable for lakes services only. It is doubtful if shipowners in the other countries of the Commonwealth would invest in vessels which could not be used in other trades and for year round service. Consequently, competition from Commonwealth ships should be restricted to the package freighters service.

With few exceptions, the present Canadian Great Lakes package freighters are quite small. This is to enable them to navigate the shallow canals on the St. Lawrence River. When the improved seaway becomes available larger and more economical ships may be used thus enabling Canadian shipowners to meet competition of Commonwealth ships.

We would also mention that with the exception of traffic moving between Great Lakes ports and Newfoundland and for bulk carrier cargoes, the freight rates charged are under control of the Board of Transport Commissioners for Canada, therefore uncontrollable competition can not occur.

The Canada Shipping Act permits ships of Commonwealth registry to operate in our Coasting trade and we believe this practice should be continued.

Yours very truly,

WINDSOR CHAMBER OF COMMERCE.

(SGD)

H. J. Lassaline,
General Manager.

NEWFOUNDLAND FLUORSPAR LIMITED

Royal Commission on Coasting Trade,
490 Sussex Street,
Ottawa, Ontario.

Attention of G.G. McLeod, Esq. Secretary

Dear Sirs:

This company engages in the mining and semi-milling of fluorspar in Newfoundland, and in marketing of the product.

The operation at present employs 250 people. On the basis of the present level of production it entails expenditures in Newfoundland of \$1,300,000 per annum. Our rate of profit is now very small so that this is also approximately equal to our gross revenue flowing into Newfoundland.

For several years essentially 100% of our sales have been to our parent company (Aluminum Company of Canada, Ltd.) located in the province of Quebec. The fluorspar is a raw material used in the smelting of aluminum. The proximity of our mines and the present and past level of coastal freight rates have permitted us to be competitive although, as indicated, the margin of profit is small. Within the past couple of years, the market for fluorspar has become extremely competitive so that we could not compete for the business in Quebec if there were an increase in coastal freight rates such as would result from additional restrictions in the coastal shipping laws. This would force us to turn to the international markets - by making use of international shipping but, considering the present state of the fluorspar market, we fear for the results, i.e., we would almost inevitably find that inability to ship to Quebec would lead to a shutdown of our operations. Such discontinuance would lead to consequent loss to the Province of Newfoundland, particularly to labor.

We are quite satisfied with the present coastal shipping law.

Respectfully submitted,

NEWFOUNDLAND FLUORSPAR LIMITED

W.S. Smith
General Manager

St. Lawrence, Nfld., 18 June 1955

TO THE ROYAL COMMISSION ON COASTING TRADE

THE ST.LAWRENCE SHIPOWNERS
ASSOCIATION INC.

makes respectfully the following submissions:-

Just before submitting to this Honourable Royal Commission on Coasting Trade the principal contentions of the "THE ST.LAWRENCE SHIPOWNERS ASSOCIATION INC." with regard to the Coasting Trade Navigation in the Gulf and St.Lawrence River, the undersigned thought advisable to give a short biographical notice over the Association.

"THE ST.LAWRENCE SHIPOWNERS ASSOCIATION INC. was incorporated in 1936. The object of its incorporation was to promote the interests of the vessels' owners engaged in what is commonly known as the small Coasting Trade of the Gulf and River St.Lawrence. The small Coasting Trade includes a fleet of about two hundred vessels all propelled by Diesel motors.

Those vessels carry different commodities from pulpwood, sawnwood, coal, stones, to general cargoes from ports in the Gulf or in the River St.Lawrence to ports in the Gulf or River St.Lawrence or from ports in the Gulf or in the River St.Lawrence to ports on the Great Lakes of Canada or Newfoundland. A certain number of them carry also various cargoes from ports in the Maritimes to ports in the Gulf or River St.Lawrence and on the Great Lakes of Canada. Almost all those motor vessels coasters are registered in Quebec or in Montreal. The scope of the carriage undertaken by those small Coasting Traders took a considerable expansion in the last twenty five years and most particularly since the first and the last World War.

- I -

What is the present general situation of the Canadian Coasting Trade in Canada.

Section 671 of Canada Shipping Act provides that British Ships only may engage in the Coasting Trade of Canada.

671. (1) No goods shall be transported by water or by land and water, from one place in Canada to another place in Canada, either directly or by way of a foreign port, or for any part of the transportation in any ship other than a British ship.
- (2) No ship other than a British ship shall transport passengers from one place in Canada to another place in Canada either directly or by way of a foreign port.
- (3) Where any goods are transported contrary to the provisions of this section, or where any ship transports any passengers contrary to the provisions of this section, the ship transporting such goods or passengers is liable to a fine in respect of the goods so transported of fifty cents per ton of her register tonnage or of five hundred dollars, whichever is the greater, and

a fine in respect of the passengers so transported of two hundred dollars for each passenger or of five hundred dollars, whichever is the greater.

- (4) Any goods so transported shall be forfeited as being smuggled goods.
- (5) The collector of Customs at any port or place in Canada may, if he believes that an offence has been committed against this Part, detain the ship until the fine provided with respect to such offence has been paid and until the goods transported contrary to the provisions of this Part have been delivered up to be dealt with as goods forfeited under this section. 1934, c. 44, s. 663.

Section 669 of the same Act provides that a "FOREIGN BUILT" British ship, regardless of the place of her registry, is precluded from engaging in the Coasting Trade of Canada without a "LICENCE" obtained from the Minister of National Revenue.

An exception is made by paragraph 2 of Section 669 of the Act with respect to certain "FOREIGN BUILT" vessels which were condemned as "PRIZES" of War or ceded by enemy states to Great Britain or British Nationals or to any nation of the British Commonwealth or its Nationals by the Reparations Commission during or after World War I or World War II.

669. (1) No foreign-built British ship, whether registered in Canada or elsewhere, after the 1st day of September, 1902, is entitled to engage or take part in the coasting trade of Canada unless she has first obtained a licence for that purpose, which may be granted by the Minister of National Revenue, and if any such ship so engages or takes part without first obtaining such licence she is liable to a fine not exceeding five hundred dollars for each voyage made by her in contravention of this section and she may be detained by the collector of Customs at any port or place in Canada where she may be found until such fine is paid; the making of a single voyage in the coasting trade of Canada shall be deemed to be within the meaning of this Part the engaging or taking part in that trade.
- (2) Any foreign-built vessel captured or seized during World War I by British forces or nationals or during World War II by British Commonwealth forces or nationals and condemned as prize of war or ceded by enemy states to reparations, and registered as a British ship, shall for the purpose of this Part and of the Customs Tariff be regarded as a British built ship and as entitled to engage in the coasting trade. 1934, c. 44, s. 661; 1948, c. 35, s. 52.

Penalties are provided for the contravention of the Sections of that Part XIII of Canada Shipping Act.

Section 670 of the Act provides the payment

on FOREIGN BUILT BRITISH SHIP of a duty of twenty five per centum (25%) "AD VALOREM" on the fair market value of hull, machinery, furniture and appurtenances of such vessel.

And by Section 673, the Governor in Council may suspend the above referred to sections of the Act.

It has been the custom so far of the Department of National Revenue to issue COASTING LICENCES to British ships, other than those of "FOREIGN BUILT" upon submission to that Department of proof establishing that the ships were complying with the provisions of Part XIII of the Canada Shipping Act and therefore entitled to operate in the Coasting Trade of Canada. The execution by the Master and two other persons, usually officers of the company operating the vessel, of a Coasting Bond (Form D-11) in the amount of five hundred dollars (\$500.00) is requested.

The exact requirements to obtain that Coasting Licence, in addition of the execution and filing of the Bond of five hundred dollars are as follows:-

- a) The establishment that the vessel was British built, that is, built in the British Commonwealth of Nations or that she comes within the exceptions hereinabove mentioned;
- b) The production of a certificate of British Registry to establish that she is a British ship and as such registered in some port of the British Commonwealth of Nations and wholly owned by British subjects;
- c) The establishment that all her officers are duly certificated officers holding British certificates of Competency.

Furthermore, Section 54 of the Customs Act, Chapter 58, R.S.C. 1952, provides that all equipment purchased or supplied or repairs made in a foreign country upon a vessel intended to be employed or which is later employed in the Coasting Trade of Canada is dutiable if the vessel arrives in Canada WITHIN ONE YEAR of the time such equipment is purchased or such repairs are carried out. The duty payable with respect to such repairs is twenty five per cent (25%) AD VALOREM of the expenses of the repairs and with respect to the equipment is the same duty as would have been charged had such equipment been imported into Canada in the ordinary course.

The words "FOREIGN COUNTRY" mean any country other than Canada whether such other country is within the British Commonwealth of Nations or not.

Similarly Section 55 of the Customs Act provides that surplus stores of vessels arriving in Canada shall be subject to the same duties and regulations as if imported as merchandise; however, if the owner or Master desires to warehouse the same for reshipment for the future use of the vessel, the Collector of Customs may permit him so to do.

Up to this date, we are informed that the interpretation given to the expression "FOREIGN COUNTRY" used

in Section 54 of the Customs Act, Chapter 58, R.S.C. (1952) has never been accepted by the Department of National Revenue.

According to that Department, the expression "FOREIGN COUNTRY" excludes countries of the British Commonwealth of Nations. May we submit that there is no legal basis for such a capricious interpretation, but merely the "PRACTICE" of the Department.

It is our submission that the expression "FOREIGN COUNTRY" should include other countries of the British Commonwealth of Nations and that the necessary steps should be taken with this in view, either through changing the departmental practice in this regard or else by defining the expression in the Customs Act so that there will be no possibility of misinterpretation.

With regard to the meaning of the word "FOREIGN" when used in the Customs Act, may we refer you to the case of *Cashin vs The King* (1935) 4 D.L.R., 547. That case concerned the interpretation of the Customs Act of Canada and we refer you to the following remark of Mr. Justice Angers at page 555:

"I think that, for customs purposes, a vessel which is not registered in a Canadian port, even though a British vessel, must be considered a FOREIGN vessel."

It is our view that by analogy the expression "FOREIGN COUNTRY" in Section 54 of the Customs Act should mean any other country outside of Canada, including other countries of the British Commonwealth of Nations as well as foreign countries outside the frame of the British Commonwealth of Nations.

The importance of the interpretation of that expression "FOREIGN COUNTRY" cannot be over emphasized not only for Canadian shipowners who are directly or indirectly menaced by the competition of British vessels, but also to Canadian shipyards, suppliers, ship chandlers and others who would normally repair and equip vessels operating in the Coasting Trade of Canada.

It would in fact be ridiculous that a Canadian or British shipowner could have his vessel repaired and/or equipped with expensive machinery or equipment, in Great Britain or elsewhere within the British Commonwealth of Nations, for example, and come over to Canada and carry on in the Coasting Trade of Canada without paying any custom's duties, his vessel having been equipped with all types of equipment at a much lower cost in Great Britain or elsewhere within the British Commonwealth of Nations than in Canada.

Furthermore if the vessel had been repaired or equipped here, any machinery, equipment or parts of machinery imported here from Great Britain or from any other country in the Commonwealth of Nations would have been subject to the customs' duties set forth with respect to such items in the "TARIFF". In construing the expression "FOREIGN COUNTRY" as excluding other Nations of the British Commonwealth, that would be the normal, logical and disastrous result.

On that issue of the interpretation of the expression "FOREIGN COUNTRY", to sum up we submit respectfully that consideration be given to the above remarks in the solution of this serious problem of Canadian Coasting.

- II -

DESIRABILITY OF A CHANGE

Actually not only British Vessels registered in Canada, but all British Vessels are given the same opportunity to operate in the Coasting Trade of Canada. The only exception to that general Rule is the case of "FOREIGN BUILT" British Vessels which must obtain a licence from the Minister of National Revenue upon the payment of the twenty five per cent (25%) customs' duties before engaging in the Coasting Trade of Canada, as hereinabove stated.

Should our vessels registered in Canada be at least in a position to compete economically with vessels registered in Great Britain or in other parts of the British Commonwealth of Nations, it could be easily and logically argued that in compensation and on a fairplay basis no restriction should be placed on British Ships not registered in Canada and engaged in the Canadian Coasting Trade. But such has never been the case. And even if it was the case, it would never prevent Canada from affording effective protection to his own citizens engaged in the Coasting Trade - in the same manner as so many countries do in their own coasting trade and in their own air "cabotage" trade. No country would allow for example foreign air lines to compete in the air carriage of its own territory.

At the present time, the situation with regard to Canadian Coasting Trade is not only serious, but really alarming - (the word is not too strong) should be prevailing present situation continue to exist.

It is almost a "TRUISM" in our time that in North America, in the United States of America and in Canada, the standard of living of the labour class is much higher than in Great Britain or that in any other Nation of the British Commonwealth of Nations.

Therefore the costs of operating vessels registered in Canada with Canadian wages and Canadian working conditions and with repairs and overhauls carried out in Canadian Shipyards and with Canadian labour are SUBSTANTIALLY higher than the costs of operating vessels registered elsewhere in the British Commonwealth of Nations.

A great deal of study has been undertaken and serious comparative statistics have been compiled upon the subject and we do not feel it necessary to enter into further details concerning that proposition the truth of which is already admitted by everybody.

The competitive advantages of vessels registered in the United Kingdom and other parts of the Commonwealth

have been accentuated and increased by the devaluation of STERLING and allied currencies since World War II.

The probability of competition from other British vessels has also been given impetus by the desire of the British Government to obtain Canadian dollars and by the increase in competition between vessels engaging in world trade.

From the point of view of Canada, this problem has been aggravated through the Union of Newfoundland and Canada; this trade between Newfoundland and the remainder of Canada which has heretofore been serviced by vessels registered in Canada (including Newfoundland) is now menaced by the incursion of British vessels registered in the United Kingdom.

It is quite obvious that should British vessels be tolerated to operate in the Canadian Coasting Trade, they will be in a position to drive out any competition from vessels registered in Canada, since they can be profitably operated on revenues which would not even cover the operating expenses of vessels registered in Canada.

A great and acute problem had to be coped with by Canada in connection with her "DEEP SEA SHIPPING". The Government policy as announced by the Prime Minister of Canada in a statement in the House of Commons on December 9th, 1949, was to maintain only a small portion of the then Canadian "DEEP SEA FLEET" in operation during a year hence through a subsidy of \$3,000,000.00.

The sad story of what happened to our deep sea fleet after World War I and World War II will undoubtedly be put before this Honourable Royal Commission by the former Canadian owners of deep sea vessels. It is a well known fact, mathematically established, that without subsidy no Canadian deep sea fleet can stand the competition of foreign and British vessels on the high seas. It is the reason why arrangements have been made to transfer a certain number of our deep sea vessels registry in the United Kingdom in order to operate those vessels under the conditions prevailing there.

From what has just been said, it is obvious that unless Canadian ships, that is to say ships registered in Canada, are given a thorough protection against competition from vessels of other nations, including vessels registered in the United Kingdom and in other parts of the Commonwealth, such Canadian vessels will be in the same position in the Coasting Trade of Canada as other Canadian vessels now find themselves in the international or deep sea trade. Ships registered in Canada and engaged in the Canadian Coasting Trade may find themselves competing with deep sea Canadian vessels transferred since 1949 from Canadian registry to British registry.

Years ago, competition from British Vessels may have not been practical in those trades where very small vessels, sailing or motor vessels, were engaged, but today with the increase in the tonnage of those vessels engaged in the small Coasting Trade together with the substantial improvement of their rigging and equipment in the handling of cargoes, the competition of British vessels can prove to be a serious economic factor to cope with.

Last year to cite one particular instance, which illustrates clearly what may happen should the present situation remain unchanged, the St. Lawrence Shipowners Association Inc. filed a Memorandum with Honourable Maurice Duplessis, Prime Minister of the Province of Quebec, in order to call his attention upon the fact that British registered vessels were carrying down the North Shore, more particularly at Forestville, P.Q., various cargoes consigned to the "HYDRO QUEBEC", whereas those cargoes could have been carried by Canadian registered vessels and motor coasters. In that Memorandum, the point of view of the members of The St. Lawrence Shipowners Association Inc. was fully explained together with the danger of such an unjust competition from vessels registered in the United Kingdom to the names of persons paying taxes in the United Kingdom. The tolerance of such an unfair competition against our own tax payers is undefending under all possible bearings.

In certain important spheres of the Canadian Coasting Trade, disastrous competition is not only a possibility but a certainty. A particular mention might be made to the coasting trade between Newfoundland and other parts of Canada. Competition may also be expected from British vessels picking up cargoes in the Maritime when proceeding inbound in ballast or with a partial cargo for Quebec and Montreal, often at what may be termed "SACRIFICE FREIGHT RATES".

With the development expected to take place on the North Shore and on the South Shore of the Gulf and River St. Lawrence and with the development of the St. Lawrence - Great Lakes Seaway, further opportunities from an unfair competition from vessels registered in the United Kingdom and in other parts of the British Commonwealth of Nations may be anticipated with certainty.

If Canada is to retain any merchant fleet at all and a body of men trained in manning her vessels in time of war or in time of national emergency, it is absolutely necessary that a thorough protection be given to the operation of vessels registered in Canada in its Coasting Trade, and more particularly since the decline of our deep sea fleet is an accomplished fact.

Moreover, it is not the vessels alone which are maintained in operation in the Coasting Trade or even the trained men who man them and who would form an expendable "NUCLEUS" in time of need which must be considered, but also the shipyards and trained shipyard workers whose services and skill are used to repair, equip and maintain in seaworthy condition the vessels operating in the Canadian Coastal Trade.

It is respectfully submitted to this Honourable Royal Commission that necessary action should be taken to protect Canadian vessels of all tonnage and Canadian operators from competition the unfairness of which they are unable to cope with.

SUGGESTIONS RESPECTFULLY SUBMITTED
TO THIS HONOURABLE ROYAL COMMISSION
ON COASTING TRADE:-

In view of the foregoing, may we be permitted to suggest the following course of action:-

1) That all the signatories of the British Commonwealth Merchant Shipping Agreement be officially notified that Canada has the intention of changing her Coasting Law so that the Coasting Trade of Canada will be further restricted to vessels registered in Canada, owned, manned and operated by Canadian Citizens, such a change to become operative at the expiration of one (1) year from the date of the notification; and should the mere withdrawal of the British Commonwealth Merchant Shipping Agreement proves impossible, we respectfully suggest:

2) That in conformity with the terms of the British Commonwealth Merchant Shipping Agreement, Coasting Regulations applicable to all vessels operating in the Coasting Trade of Canada be promulgated immediately. Providing such Regulations would apply equally and without any discrimination to vessels registered in Canada as well as to vessels registered in other parts of the British Commonwealth of Nations, Article 11 of the British Commonwealth Merchant Shipping Agreement would not then be rendered null and void.

That Article 11 of the "Agreement" reads as follows: "That any part of the British Commonwealth of Nations may regulate its own Coasting Trade. However, according to the "Agreement", such Law or Regulations shall put all vessels registered in the British Commonwealth of Nations on the same footing;

3) That all vessels engaged or about to engage in the Canadian Coasting Trade should be strictly qualified to serve in the Coasting Trade. The Coasting Regulations could provide that all holders of a Canadian Coasting Home Trade or Inland Water Certificate would be considered properly qualified for voyages to which their Certificates apply. Under the Canada Shipping Act, 1934, the holder of each grade of certificate being entitled to all the rights and privileges of holders of certificates of lower grades, the Canadian citizens holders of foreign-going certificates would also be accepted as duly qualified for the Coasting Trade of Canada, whether on Home Trade voyages (Canada Shipping Act, 1934, S.R.C. 1952 - C. 29 - Section 2- par. 38) or Inland Water Voyages (C.S.A. 1934, Section 2, par. 40).

As to holders of certificates issued in other parts of the British Commonwealth of Nations, they should be required to establish to the proper examining authority their qualifications to engage in the Coasting Trade of Canada and, for this purpose, submit themselves to either a serious oral or written examination. That would be a practical way of protecting our own certificated sea officers.

The engineer officers holding certificates of competency issued in other parts of the British Common-

wealth of Nations may be assumed to be properly qualified to act as engineers in the Coasting Trade of Canada, but it is quite reasonable to presume that deck officers having a general qualification certificate to sail on International voyages may not have the local knowledge to ensure the safety of a vessel, her crew, her passengers and her cargo in Canadian coastal waters.

Such regulations and requirements are authorized by Article 17 of the British Commonwealth Merchant Shipping Agreement, which reads as follows:-

Article 17. - Subject to any special provisions that may be made by any Part of the Commonwealth as to the qualifications to be required of officers on ship engaged in its Coasting Trade, a valid certificate of competency or service granted by one Part of the Commonwealth will be recognized throughout the British Commonwealth as indicating that the holder is duly qualified accordingly when serving on board any ship registered in that Part."
(Underlining our own).

4) Before engaging in the Coasting Trade of Canada, the owners of vessels should be required to satisfy the proper Authority that they possess sufficient assets in Canada to reimburse Her Majesty the Queen in Right of Canada for expenses incurred by Her Majesty in Right of Canada with regard to such vessels, her Master or a member or members of her crew.

With respect to ships registered in Canada the owner must disclose his assets to the Registrar of Shipping at the time of registration by disclosing his assets under oath in a formal "Declaration of Assets". Whenever the owner of a vessel registered in Canada has no assets to his name, he must then give security in the form of cash or government bonds or a bond of a recognized Surety Company. (See Section 21 of Canada Shipping Act).

The expenses which could be contemplated and incurred by Her Majesty the Queen in the Right of Canada are more often those in respect of raising or destroying a ship that has foundered in Navigable Waters causing an obstruction. Her wreck must then be necessarily raised in satisfaction of Navigable Waters Protection Act (R.S.C. 1952, Vol. III, C. 193).

5) The owners of any vessel applying for a Coasting license should be required to establish their compliance with Section 54 of the Customs Act and should also be required to produce an affidavit attesting that no repairs have been made to the vessel and no equipment purchased within the year prior to her arrival in Canada or else give the details of such expenses incurred for repairs or the purchase of equipment together with the proof that the duty provided for in Section 55 of the Customs Act has been paid in full.

54. (1) Section 54 of the Customs Act reads as follows:
The equipments or any part thereof, including boats purchased or supplied in a foreign country for, or the expenses of repairs made

in a foreign country upon, a vessel intended to be employed, or which is thereafter employed, in the coasting trade of Canada, are, on the arrival of the vessel in any port of Canada, if arriving within one year after the repairs have been made or the equipments have been purchased or supplied, liable to entry and the payment of duty on the cost thereof in the foreign country

- (a) on the expenses of repairs, twenty-five per cent ad valorem, and
- (b) on equipments, including boats, the same rate of duty as if the articles were imported into Canada in the ordinary course.
- (2) If the owner or master of the vessel willfully and knowingly neglects or fails to report, make entry and pay duties as by this section required, the vessel, with her tackle, apparel and furniture, shall be seized and forfeited.
- (3) If, however, the owner or master of the vessel furnished satisfactory evidence that the vessel, while in the regular course of her voyage, was compelled by stress of weather or casualty to put into a foreign port to make the said repairs, in order to secure the safety of the vessel or to enable her to reach her port of destination, or that it would be impracticable to make the repairs in Canada for the want of a dock of sufficient capacity to receive the vessel, the Minister may authorize the refund of the duties on the repairs, and the vessel is not liable to forfeiture under subsection (2). R.S., c. 42, s. 65.

Compliance should also be established with Section 55 of the Customs Act which reads as follows:

55. - The surplus stores of vessels arriving in Canada shall be subject to the same duties and regulations as if imported as merchandise; but if the owner or master desires to warehouse the same for re-shipment for the future use of the vessel, the collector may permit him so to do. R.S., c. 42, s. 66.

6) The obtention of a Coasting license should be made imperative instead of being a simple matter of convenience and no clearance should be issued to a vessel on a Coasting voyage unless such Coasting license is produced to the proper Authority.

Non registered Canadian ships should be compelled when in Canadian Waters to pay exactly the same wages to their certificated officers and to the crew as those paid by our Canadian vessels owners.

7) Section 55 of the Customs Act should be amended so as to increase the duty of twenty-five (25%) per cent AD VALOREM to fifty (50%) per cent AD VALOREM of

the costs of repairs made to vessels or equipment purchased for vessels arriving in Canada to operate in our Canadian Coasting Trade within one year of the repairs or the purchase of equipment.

Should the above recommendations be put into effect the owners of vessels registered in Canada would be at least partly protected from unfair competition from vessels the owners of which pay lower wages and have their repairs made in foreign countries at lower costs and buy equipment also at lower costs. The increase of the Customs' duties over the repairs and the purchase of equipment would help considerably to protect our Canadian shipowners operating vessels in our Coasting Trade.

In our opinion, the most efficient protection would be the denunciation of the British Commonwealth Merchant Marine Agreement together with an appropriate Legislation to protect the most vital interests of our Canadian Coasting Trade.

8) As our last suggestion, may we be permitted to submit respectfully that it would seem advisable to start the study whether legal ways and means could be enacted as amendments to Part XIII of Canada Shipping Act in order to facilitate to our Canadian Shipowners engaged in our Coasting Trade the replacement in their coasting fleet of obsolete vessels in order for our shipowners and our shipping to have at all times in operation ships which emerge as true annual assets in their annual financial statements instead of emerging as heavy annual financial burdens owing to heavy repairs annual expenses.

The whole respectfully submitted.

QUEBEC, P. Q.,
May 31st, 1955.

THE ST. LAWRENCE SHIPOWNERS ASSOCIATION INC.

CAPTAIN GERARD COTE,
President.

Countersigned by:-

CAPTAIN C.-H. LAMBERT,
Secretary-Treasurer.-

WILLIAM MORIN, Q.C.,
Legal Adviser.

Toronto, June 22, 1955.

Mr. Justice Spence,
Chairman, and members of
The Royal Commission on Coasting Trade,
490 Sussex Street, OTTAWA, Ont.

Gentlemen:

The Board of Trade of the City of Toronto, an organization composed of approximately 6,200 members engaged in all branches of commerce and industry, presents for consideration the following views and observations on the question of Canada's Coasting Trade which is currently the subject of a Royal Commission inquiry and report:-

1. The Board of Trade of the City of Toronto includes within its membership a substantial number of commercial and industrial firms whose goods and products move in and out of this City by rail, water and highway transport. These firms, in common with all other shippers and receivers of freight traffic, are vitally interested in the maintenance and development of a transportation system that will ensure adequate service at reasonable rates free from unjust discrimination and/or unfair preference.

These principles of transportation, among others, have been important factors in the continued development of our transportation system, consequently, any proposals involving changes in these principles should be carefully examined to ensure that such revisions would be desirable and in the public interest.

2. The Board of Trade of the City of Toronto has a close association with the Port of Toronto and because of this connection is keenly interested in its present and future development both as a Great Lakes Seaport and as a potential transshipping point for the movement of import, export and domestic traffic, in and out of Toronto. Recently the Honourable George C. Marler, P.C., B.C.L., Minister of Transport, officially opened at this port, Marine Freight Terminal No. 11, one of the largest and most modern of transit terminals. This building was conceived and erected to provide additional shed and warehousing facilities for the handling of import and export cargoes and to meet the requirements of the constantly increasing number of overseas ships visiting this port each year. The addition of this new terminal building to our port facilities reflects the confidence which port authorities in this City have in the future development of Metropolitan Toronto as an important center in world trade activities and for this reason the Board urges that any proposed changes which would have the effect of retarding these developments be carefully scrutinized in relation to the need to avoid delay in the realization of the trading potentialities of this area.

B-50

3. The same general observation may be made in respect of international trade routes. The Board would be opposed to any revisions in the existing regulations which would limit or restrict the free flow of goods in direct routes between Canadian and Overseas ports. Such revisions, in our opinion, would be detrimental to Canadian interests and, therefore, undesirable from the point of view of good external relations. It should be remembered also, that in addition to Toronto, other ports on the Great Lakes are anticipating increased activities in their areas following the opening of the St. Lawrence Seaway and are planning accordingly. It is, therefore, of the utmost importance that the future development of these ports be encouraged and protected and that no action be taken that would jeopardize these plans.

The Board intends to watch developments closely and with your permission would like to reserve the right to make representations on any matters coming before your Commission which would appear to adversely affect the interests of our members or the Port of Toronto.

Respectfully submitted,

(Sgd.) DAVID M. WOODS

President.

(Sgd.) J.W. WAKELIN

General Manager.

(Sgd.) DAVID M. WOODS

President.

June 22nd, 1955.

Mr. G.G. McLeod,
Secretary,
Royal Commission on Coasting Trade,
490 Sussex Street,
OTTAWA, Ontario.

Dear Sir:

On behalf of the Canadian Maritime Transport Workers' Association certified as bargaining agency of the unlicensed personnel of various companies occupied in coasting trade within Canada, we respectfully submit that we are opposed that coasting trade be made by foreign ships including British navigating under a flag other than Canadian and this for the following reasons:

1. There are in Canada thousands and thousands of unemployed men looking for work. It is only reasonable that we keep our work for them.

2. Giving work to Canadian men first will relieve the Unemployment Insurance of paying allowances. Furthermore, workers will contribute to the Unemployment Insurance fund. They will pay Income tax and they will pay all other taxes that Canadian people are compelled to pay when they spend money.

3. Coasting trade done by foreign companies will deprive Canada of revenues that are needed.

4. When foreign companies take away from Canadian companies coasting trade, in the meantime they take away from Canada Canadian fund.

5. Foreign companies are paying their people low and miserable wages and are buying their supplies and have their repairs made by foreign companies which also are paying their employees low and miserable wages. This enables them to make disloyal competition to our Canadian companies in their rates on coasting trade.

6. Foreign companies do not contribute or very little to the economic life of Canada but are trying to take away from Canada all they can for their own benefit.

For all these reasons and many others, we are strongly opposed that foreign companies be permitted coasting trade within Canadian territories. If all the coasting trade is protected and given to Canadian companies, more Canadian ships will operate and thus will employ working people, will buy Canadian supplies and will give work to the Canadian shipyards bringing more revenues to Canada.

We would like to make it clear before you that when we mention Canadian ships or Canadian companies, we do not mean to say that only ships built in Canada be permitted coasting trade but we mean to say that when a ship becomes the property of a Canadian company only then it should be allowed to make coasting trade and also that it should be repaired and maintained in Canada with Canadian material and supplies.

We hope that you will give our letter a serious

consideration and that when a decision is made on the matter, it will be to the advantage and interest of Canada first.

Respectfully submitted,

THE CANADIAN MARITIME TRANSPORT WORKERS' ASSOCIATION

P.E. Marquette,
Technical Advisor.

PEM/YM

REPRESENTATION REGARDING THE
SHIPBUILDING AND SHIP REPAIRING
INDUSTRY IN CANADA

The principal objective of the Canadian Industrial Preparedness Association is to ensure, by all means within its power, that the industry of Canada is adequately prepared to play its full role in the defence of the country in the event of war.

Industrial preparedness for defence involves not only the maintenance of production installations and facilities with provision for their expansion in time of need, but also the continuous employment of a sufficient number of experienced professional and skilled technical personnel. The latter must act as supervisors and instructors, to form a basis for sudden growth. Without both these elements, industry cannot be prepared.

With these thoughts in mind, this Association would not be filling its functions if it were not seriously concerned about the situation which appears to be imminent in the shipbuilding and ship repairing industry in Canada. It would seem that, through no fault of its own, the activities in this branch of Canadian productivity may fall to such a low level that there is serious danger that unless appropriate action is taken now, there will not be enough of either facilities or trained personnel left to form a sound basis for quick expansion in the event of an emergency.

In this connection it is to be noted that lack of work in shipyards themselves must have a deleterious effect on those supporting industries which supply the materials, components and specialized equipment which are essential, and which cost up to 70% of the total cost of a completed vessel. They too, must retain facilities and trained staff to provide increasingly complex auxiliaries and other items which are not provided by shipyards.

During the last war, Canadian shipyards produced cargo type vessels to the total of 410, and naval types to the total of 4043, including some 3300 small landing craft. This was a not inconsiderable achievement. It would have been, however, very much greater had the shipyards and their suppliers been adequately prepared for their task in the years preceding 1939. It may be noted that up to the end of 1941 the total output was but 84 escort craft of the simplest type, 31 primitive minesweepers, 25 small gas powered landing craft and one cargo vessel. Had these vessels been of modern design with the now necessary multitudinous complexities, the output would have been very much lower. Then too, the relatively rapid build up of the labour force in the shipyards during the war period was in part due to the fact that naval and other vessels of that period were so much simpler in design and equipment. If an equal rate of expansion in production and personnel were to be required in the event of an emergency in the future, the basic facilities and trained staffs of personnel in the shipyards and suppliers plants would, of necessity, have to be much more extensive and more numerous.

It is realized that the character of any future conflict will be vastly different from that of past wars. What may have been essential requirements for the years 1939-45 may not be necessary again. But it is fundamental

that seaborne transport in the greatest possible volume will be a vital factor in successful defence, as will our means of protecting that transport in ports and at sea. Thus it is apparent that ships of cargo and naval varieties must be provided in sufficient quantity not only to import vital materials, such as bauxite or alumina, etc., but to export arms and equipment to our allies abroad. During two world wars, this continent has been called upon to provide warlike stores in enormous quantities for use by other nations for mutual defence. There is no possibility that this great responsibility will be lifted at any time in the future.

In connection with the necessity for the provision of adequate deep sea ships, it is necessary to note the almost complete demise of the Canadian Merchant Marine, due to high operational costs consequent on our standard of living. Canadian owned ships, under registry abroad, manned by crews other than Canadian, do not furnish any opportunity for training personnel either for operation or maintenance.

There is also a possibility that, due to devastating air-borne weapons, the use of the facilities of shipyards and feeder plants across the seas may be denied to the free nations. Should such a situation occur, and it is not improbable, a severe additional strain will be placed on their counterparts on this continent. Not only would primary construction be affected, but also the equally important matter of effecting a greater volume of repairs and overhaul work which are the inevitable consequences of war at sea. This is an additional factor which should be given due weight in considering industrial preparedness for defence.

It may be that what could be termed "local" water-borne traffic has been taken too much for granted. There are many vital areas of activity on both coasts which can be reached by sea only. The maintenance of these lines of supply are much more essential in war than in peace. In war time, they are vulnerable, losses must be faced, and replacements and repairs provided for.

It is also possible that the role of inland water-borne commerce may not have received the recognition its importance deserves. Without the facilities of the bulk carriers on the Great Lakes, the steel making capacity of this continent would suffer an untold decrease due to the lack of ore and coal. The welfare of the Western world might be seriously affected if the grain trade were interrupted.

Thus it seems obvious that construction and repair facilities must be maintained for our self preservation, if for no other reason.

Another point which must be emphasized is that naval ships are vastly more complicated now than ever before. The fitting of the numerous varieties of Canadian made electronic equipment such as radar of several types for surface and anti-aircraft use, anti-submarine detection devices, radio communications, fire control, etc., is but one of many problems of design and construction. Others involve the provision for the placing of extremely complex modern weapons, many automatically operated. Then too, full advantage must be taken of modern developments in propulsion and auxiliary machinery, as well as the necessary specialized fittings, wiring, piping, etc., also manufactured in

Canada. All these complexities, together with the adoption of new methods of construction and the demands for better performance add to the problems of those charged with design responsibility.

It is apparent that design work of the nature required can be accomplished only by trained specialized personnel. The training can be acquired only by experience in actual work.

If training and specialization are required of design staffs, they are equally necessary for the technical tradesmen employed on the job, both in the shipyards and in the plants of the suppliers to the shipyards.

It is important to note also, that design changes are found necessary as construction proceeds, to permit the incorporation of new ideas as they are developed. The design stage may last three or four years, and even when a ship is completed changes must be made as a result of sea trials and experience under actual service conditions. This is more work for the design and technical staffs.

It may also be mentioned that the future holds no promise of stabilization of design of ships. The advent of guided or other rocket propelled missiles is but one innovation which must eventually alter the present concept of naval requirements.

It is considered to be outside the province of this Association to discuss details of methods, numbers or costs regarding the preservation of an effective basis for emergency expansion of our shipbuilding and ship repairing industry. These matters are for decision by experts, governmental and industrial, taking into consideration all factors, strategic, material and financial. Whatever is done must be practical above all else. It is not practical to limit work to vessels of but one type. It is not practical to operate on a stop and go basis. Variety should be as great as possible, and operations should be continuous on whatever level of activity is decided upon.

As noted above, the Association does not feel competent to recommend details of methods to be adopted. It does, however, feel in duty bound to recommend most strongly that every effort be made to maintain an effective shipbuilding and ship repairing industry in Canada with sufficient work provided to ensure operation at a level which will serve to keep the necessary numbers of personnel employed to provide a sound base for adequate expansion in the event of war or the threat of war.

From the defence point of view, this country cannot afford to be without shipyards and their staffs of professionally and technically qualified personnel, for whatever tasks may eventuate, both for construction and repair of ships to maintain our lifelines, within and without our country.

G. B. Howard
Executive Vice-President
CANADIAN INDUSTRIAL PREPAREDNESS
ASSOCIATION.

1955 Jun 24 PM 9 22

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G G McLEOD, SECTY ROYAL COMMISSION ON COASTING TRADE
490 Sussex St. Ottawa, Ont.

Association of Ontario Mayors and Reeves, in annual conference unanimously adopted the following resolution:

Moved by Gordon Braniff, Mayor of Collingwood, that whereas the Convention of Ontario Mayors and Reeves at North Bay, Ontario, June 22, 23 and 24, 1955, are vitally concerned with the effects of the St. Lawrence Deep Waterway Project on the future of Canadian shipping and shipbuilding on the Great Lakes, ~~keeping~~ in mind the facts that Canadian ships cannot compete with lower wages and operating costs of United Kingdom vessels and foreign ships:

That Canadian shipyards cannot compete with lower United Kingdom wage rates; the need of maintaining our Canadian shipping fleet and shipbuilding centres with their nucleus of trained men in case of national emergency; economy of shipbuilding yards seriously reflects on supplier industries; Canadians must remain in a position to control the transportation of such vital commodities as iron ore, wheat and coal; restricting regulations already apply to trains, trucks and aeroplanes; United States has restricted its coastal trade for 100 years.

RESOLVED:

1. That this Organization go on record as requesting the Royal Commission to recommend that our Federal Government pass the necessary legislation to amend our coastal regulations so that strictly Canadian coastal trade will be reserved for only our present Canadian fleet and such additional vessels as are built and registered in Canada which would otherwise soon face unequal competition from vessels from abroad.

2. That a hearing be held by the Commission in the vicinity of Collingwood, Ontario, so that affected municipalities concerned and other interested bodies may have full opportunity of submitting representations in regard to the shipping and shipbuilding interests vitally concerned with these matters.

ASSOCIATION OF ONTARIO MAYORS AND REEVES
S.W. Eakings, Executive Secty.
209 City Hall,
Toronto

ISLAND TUG & BARGE LIMITED

Harbour, Coastwise and Deep Sea Towing

345 Harbour Road,
P.O. Box 520
Victoria, British Columbia

June, 1955

To the Commissioners
Royal Commission on Coasting Trade
Ottawa, Ont

Submission of Island Tug & Barge Limited
and its wholly owned subsidiary -
Young & Gore Tugboats Ltd.,
Victoria and Vancouver, British Columbia,
owning and operating 78 Vessels, repre-
senting over 33,000 tons.

When the present Canadian Maritime Commission was set up by the Hon. Mr. Justice J.V. Clyne, one of the principles in mind was that a total of not more than 7,000 men be employed at various shipbuilding and repairs yards throughout Canada, so that, in the event of National Emergencies, these 7,000 men would be available as a trained nucleus for producing ships and repairing the same, and would, in addition, provide a means of training a larger group of shipyard workers.

As of today, this intended nucleus of 7,000 men has grown to a group of considerably over 20,000 men.

A few ship operators in the St. Lawrence and ship builders are importuning Parliament that they be protected by an absolute barrier, to be erected against ships which are not completely built in Canadian shipyards. Such interests, it would appear, cannot or do not wish to operate as efficiently as they should, and so desire this protection to enable them to increase their profits to the detriment of others in Canada.

It is our belief that the Free Enterprise System affords the greatest opportunity for the development of business and enterprise in any country, and that our Canadian economy and also world-wide business conditions will be benefited by the withdrawing, to the greatest possible extent of all possible restrictions to free trade.

These, in our opinion, include any barriers which can affect the shipping industry.

During a recent unsuccessful campaign on the part of the Canadian Shipbuilders and Repairers Association, to gain public support, the shipbuilders of British Columbia, comprised principally of two firms, namely, Burrard Dry Dock Co. Ltd. (of which Yarrows Ltd. is a subsidiary) and the Victoria Machinery Depot Co. Ltd., pointed to the importation of a number of small craft and barges which were brought to the Pacific Coast and placed under Canadian registry after the last war. Had it not been for the importation of such vessels, the economic development of British Columbia would have been seriously retarded.

The shipyards in their statements, overlooked the fact that thousands of dollars were spent with them in the conversion of these vessels to adapt them to the coastwise trade in Canada. They again also overlook the tremendous payroll that these vessels have created among Canadians. In addition, they also fail to take into account the large amounts earned by shipyards in the repairing and maintenance of such vessels.

It is due to the importation of these vessels, and the earnings they have created, that water transportation companies are now building vessels at Canadian shipyards. The importation of surplus craft from the United States has now levelled off, and is practically non-existent, due to the high cost of these vessels on the American side, and in addition, to cost of conversion and the cost of duty. However, the ability to import British built and U.S. built vessels does provide some check on the cost price to the shipping industry of Canadian built vessels.

The shipyards, in their recent campaign, have stressed the amount of money spent locally for labour and supplies, but fail to consider that this amount, to which they refer, includes a very large contribution from local water transportation companies, and that this spending will continue into the future. The shipyards have expressed their fears that the Government does not intend to continue building naval and government vessels, and gives this as another reason to request a protective barrier. Private enterprise cannot step in to build sufficient ships to fill the gap which would be left should Government spending be discontinued.

Our Company has recently purchased a number of British built oil tankers for conversion to log barges and carriers. These ships are registered in London England, and some have been transferred to Canadian registry, but there seems to be some conflicting Canadian restrictions which are making it difficult to register some of the vessels under Canadian Registry. This we believe should be clarified.

The cost of converting these oil tankers to barges is a major project, involving several hundred thousand dollars. Shipbuilders want the work on the one hand, but on the other, are trying to prohibit the use of these vessels in our Canadian coastwise trade. If these British built and British registered vessels were not permitted to operate in the Canadian trade, we, and several others in the same category, would be greatly embarrassed to say the least. On the conversion of these British registered vessels, Canadian labour is employed and standard Canadian wages are paid, and so a handsome contribution is made to the Canadian shipbuilding industry.

The British Columbia shipyards' cost of repairs have been so high that four tug companies, including ourselves, have been forced to operate marine railways and repair yards of our own to perform a part of our repair work; the repair work on the larger vessels still being given to local shipbuilding yards. The four tug companies above mentioned are not members of the Shipbuilders' Association, and are not in favour of any restrictions.

It has been our endeavor, together with the other water transportation companies on the West Coast, to do everything possible to develop modern methods and specialized techniques to efficiently serve our customers, and we feel capable of meeting all competition, and have no fear of British shipping interests.

We do not desire, or see any reason why, any legislation should be enacted to protect us from competition, nor do we have fears for the future of our business which would require any protective legislation. We are confident as to the future of our business if we are permitted to continue unhampered by legal restrictions. We are not now, or in the future, able to foresee a situation where British shipping can compete to our detriment on the West Coast of Canada.

Any restrictive legislation passed along the lines being requested by the interests backing such measures, would, in our opinion, have among others, the following effects:

- 1) The exclusion of British ships, or British-built ships, from the B.C. coastal trade would give certain shipyards on the B.C. coast a virtual monopoly.
- 2) Should British ships under such legislation be precluded from Canadian coastwise trade, it then might be reasonable to presume that Canada would lose the right to trade between British, or Commonwealth, ports. In our opinion it would be a great loss to Canada that the long standing relationship between ourselves and the United Kingdom and/or the Commonwealth be lost.
- 3) In our opinion, there is absolutely no danger from British ships trading on the B.C. coast. Should British ship owners bring their vessels into this trade, their costs would, in a very short time, approach ours. Further, B.C. coastwise shipping is principally done by small coasters, tugs and barges, and it would be difficult for British ships to come to this area and compete in this field.
- 4) United States, or other foreign capital can be invested to control a Canadian corporation, and so operate Canadian registered vessels. However, under United States law, Canadian interests cannot control, own or operate United States registered vessels. This onesided position is much more detrimental to our well being than any fear of British shipping on the B.C. Coast.
- 5) There are Canadians who own and operate British registered vessels. Such vessels are operated by Canadian crews, and all conversions, repairs and maintenance work on such vessels are done in Canadian shipyards. ~~Over the operating life~~ of a vessel, it can be found that such repairs and maintenance work produces a great deal of revenue to Canadian shipyards. Had it not been possible for Canadians to own and operate vessels that were built otherwise than in Canada, a great many of the vessels now ~~operating~~ in the B.C. Coast trade would never be engaged in such work, as the purchase price of such vessels, built in Canadian yards, would have precluded their being brought into being.

Summary - In our opinion, in the interests of Canada and our relations with the Empire, no changes should be made to afford a monopoly to a small group represented by some Canadian shipyards and others who support their claims.

Any changes in present shipping requirements would benefit only a few, and would be detrimental to Canada and Canadians in international trade and commerce, and also particularly detrimental to water transportation along the British Columbia Coast.

ISLAND TUG & BARGE LIMITED

H.B. Elworthy,
President

BRITISH COLUMBIA LUMBER MANUFACTURERS ASSOCIATION
CONSOLIDATED RED CEDAR SHINGLE ASSOCIATION OF BRITISH COLUMBIA
THE PLYWOOD MANUFACTURERS ASSOCIATION OF BRITISH COLUMBIA

Vancouver, B.C.
June 14th, 1955

Mr. G.G. McLeod,
Secretary,
Royal Commission on Coasting Trade,
490 Sussex Street,
Ottawa, Ont.

Re: Royal Commission on Coasting
Trade of Canada

Dear Sir,

The following statement is respectfully submitted to the Royal Commission on Coasting Trade of Canada on behalf of the member companies of the:

British Columbia Lumber Manufacturers Association,
The Consolidated Red Cedar Shingle Association of B.C.,
The Plywood Manufacturers Association of B.C.,
all of Vancouver, B.C.

In 1954 the above associations represented a total membership of sixty-nine companies operating ninety-eight plants manufacturing lumber and lumber products and employing over 23,000 persons on a steady full time basis in the coast region of British Columbia. The annual payroll of these companies in 1954 exceeded \$81,000,000. The value of production of lumber and lumber products of the above companies for 1954 was as follows:

Sawn lumber	-\$191,000,000
Red cedar shingles & shakes	- 27,000,000
Softwood plywood	- 53,000,000
Total value lumber & lumber products 1954	-\$271,000,000

COASTING TRADE - Pacific Coast:

The economic importance of the Pacific coasting trade to the forest industries of the Coast region of British Columbia is indicated by the fact that it is the principal means of transportation for the movement of men and supplies to logging and lumbering centres distributed throughout the hundreds of inlets and islands along British Columbia's 600 miles of coast line. Coastal shipping also involves the towing of three to four billion feet of logs annually from camp to mill and the scowing of hundreds of millions of feet of lumber to shipside or dock, in addition to the transportation of heavy machinery, equipment and tools of production from distribution centres to field operations.

INTERCOASTAL TRADE - Pacific Coast to St. Lawrence Seaway:

The importance of intercoastal shipping facilities and freight rates to the Pacific Coast forest industries is two-fold. On the one hand intercoastal

shipping provides competitive water transportation for the delivery of forest products to the consuming centres in Eastern Canada and return cargos of manufactured products to the West Coast. Secondly, it constitutes an important rate making factor in establishing water compelled rail freight rates across Canada. This is a prime factor in the cost of rail transportation of 600 million feet of west coast lumber shipped to the Canadian domestic market and will become more important as the St-Lawrence Seaway opens new consuming centres to intercoastal trade.

INTERNATIONAL TRADE:

The following table shows distribution of shipments of coast lumber to principal makets for 1954 and clearly indicates dependence of Coast Forest industries on export markets and therefore the industry's vulnerability to all factors affecting the cost of production.

SAWN LUMBER SHIPMENTS FROM BRITISH COLUMBIA TO PRINCIPAL MARKETS:

United Kingdom by water	638 millions of feet B.M.
United States by rail and water	978 millions of feet B.M.
Canada by rail and water	638 millions of feet B.M.
Other Sterling countries by water	297 millions of feet B.M.
Other Countries by water	153 millions of feet B.M.
TOTAL:	2,704 millions of feet B.M.

The competitive position of British Columbia coast production in world markets is governed by transportation costs. The British Columbia coast region is farther from its markets than any other important producing forest region in the world. In world markets, B.C. sells at price levels established by competition from other producing areas. B.C. producers get what is left after paying the freight.

RECOMMENDATIONS:

In the opinion of the signatories of this brief therefore, any change in policy leading to curtailment or discontinuance of participation under the merchant shipping conventions of 1931 of British flag vessels, would have a serious and detrimental effect on both our domestic and export trade.

Such a change in policy, we believe, would inevitably result in higher freight costs, both in the coasting trade and for domestic shipments in intercoastal trade, since the higher cost of building ships in Canada and the higher cost of operating Canadian ships under Canadian Registry will inevitably bring higher freight rates than those prevailing under the present Commonwealth agreement.

The ability of our industry to sell its products in the United Kingdom and other Sterling countries is largely dependent on the ability of these countries to earn Canadian dollars to pay for Canadian purchases. Any proposal, therefore, to curtail participation of British registered craft and therefore the dollar earning power of British shipping in the coasting trade of Canada and particularly in the St. Lawrence Seaway developments will be most detrimental to the

economy of British Columbia and, we believe, Canada as a whole.

The lumber, plywood and cedar shingle industries of British Columbia therefore strongly recommend that:-

- (1.) No change be made in Canadian laws that would affect the present Commonwealth agreement which provides for British flag participation in the Coast-ing trade of Canada, and participation in the St. Lawrence Seaway traffic developments.
- (2.) That any additional protection to Canadian shipping or ship building if and when such may be deemed necessary should be provided by direct subsidy voted by Parliament annually and not by hidden subsidies favoring the shipping and ship-building interests at the expense of other Canadian industries.

Respectfully submitted,

B.C. LUMBER MANUFACTURERS ASSOCIATION

L.L.G. Bentley,
President

THE CONSOLIDATED RED CEDAR
SHINGLE ASSOCIATION OF
BRITISH COLUMBIA

W.J. Pullin,
President

THE PLYWOOD MANUFACTURERS
ASSOCIATION OF BRITISH
COLUMBIA

J.S. Johannson,
President



SUBMISSIONS
TO THE
ROYAL COMMISSION
ON COASTING TRADE

—1955—

MEMOIRES SOUMIS
A LA
COMMISSION ROYALE
SUR LE CABOTAGE

Volume II

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S U B M I S S I O N
OF
THE GOVERNMENT
OF
THE PROVINCE OF NEWFOUNDLAND

-1-

INTRODUCTION

By Order in Council P. C. 1955---308 dated March 1, 1955, the Government of Canada appointed a Royal Commission to inquire into and report upon all questions within the jurisdiction of Parliament, including questions with respect to Part 13 of the Canada Shipping Act, Coasting Trade of Canada, arising out of the transportation by water, or by land and water, of goods and passengers from one place in Canada to another place in Canada, including the Great Lakes, and upon relevant matters which may in the course of the inquiry arise or develop and which, in the opinion of the Commissioners, should be included within the scope of the inquiry and report; and without restricting the generality of the foregoing:

- (a) The relationship of the Coasting Trade of Canada, including the Great Lakes, to Canadian shipping and ship building, and the effect on such shipping and ship building of the participation in the Coastal Trade of Canada, including the Great Lakes, of ships or other marine craft registered or built outside of Canada;
- (b) The probable effect of the development of the St. Lawrence Seaway upon the Coasting Trade of Canada, including the Great Lakes;
- (c) The relationship of the Coasting Trade of Canada, including the Great Lakes, to the domestic and international Trade of Canada and to Canadian External Relations; and the effect of the participation in the Coasting Trade of Canada, including the Great Lakes, by ships or other marine craft registered or built outside of Canada, upon the domestic and international trade of Canada and Canadian External Relations;
- (d) The necessity, if any, of establishing different policies and prescribing conditions with respect to the Coastal Trade of Canada, including the Great Lakes, applicable to particular parts of Canada.

The Government of the Province of Newfoundland and the Newfoundland Board of Trade are greatly concerned with any proposal which may, by changing the Coastal Shipping Laws of Canada, adversely affect traffic movement into and out of this Province.

Newfoundland, being an island, is dependent entirely upon water transportation for the supplying of its peoples' needs and the movement of its exports to market. Any policy which would result in increasing freight rates is a matter of vital concern to Newfoundland. It is, therefore, because of the implications inherent in the Terms of Reference that the Government of the Province of Newfoundland is constrained to appear before this Commission and to protest any change in the Coastal Shipping Laws of Canada, which would prohibit the use of British registered vessels in the Canadian Coastal Trade between this Province and the Mainland, particular-

ly with the Great Lakes and River St. Lawrence Ports.

Newfoundland is a consumer area. It imports practically all the necessities of life. Ninety per cent of its requirements are purchased in the Canadian market. Its principal source of supply is Upper Canada. Its geographical position is such that movement both to and from its ports constitutes a substantial haul. Any factor operating to produce an increase in the carrying cost of its imports and exports is a matter of grave concern.

Newfoundland has always enjoyed the privilege of unrestricted trading. Every type and class of ship was available and was used in carrying on her trade. Since Confederation, foreign flag ships have been precluded from trading between Newfoundland and Canadian Mainland Ports. However, no restriction existed against the use of British flag ships for this service. Thus it is, that we find British Lines operating either directly under owner management or through time chartered owners, as the case may be. Because of lower operating costs, British ships have been able to give a service to and from Newfoundland to River and Lake Ports at a scale of rates lower than those chargeable by Canadian flag vessels. The utilization of British flag ships has been of vital importance to this Province because they have operated as a holding-down factor on water-borne rates. British owners of their own volition maintain a schedule of rates more favorable than would ordinarily be available were they not permitted to operate.

It is also necessary to point out that, following upon Confederation and very shortly thereafter, a Combination Agreement was entered into between the two Railway Companies, Canadian Pacific and Canadian National Railways and certain water carriers operating intercoastally between Mainland points and Newfoundland ports. This Combination Agreement had the effect of unifying freight rates being charged by members of the so called Conference Lines and to relate their rates to the all-rail rate charged by the Railway Companies. Further, it had the effect of permitting intercoastal carriers to move traffic as forwarding units under all-rail Bills of Lading. The Combination Conference Agreement provided for a division of rates. This Combine was limited to certain lines of water carriers. It did not include certain British flag ships. These ships operating outside the Conference Agreement have been "free lance" traders. Their availability to the trade of this Province has had the effect of maintaining summer rates at a comparatively reasonable level.

Further, the use of British vessels in the River and Lake trade with Newfoundland has resulted in the imposition of a rail and water competitive class rate by the Railways from points West of Montreal to Newfoundland. This competitive rate has been extended to commodities. It is in effect only during the open season of navigation. It is flagged as competitive in the Railway tariffs and is withdrawn immediately the navigation season closes.

It is an accepted fact that the cost of operation of Canadian flag vessels is far in excess of

the cost of operating similar vessels under British Registry. It is unnecessary at this place to elaborate upon the reasons for this; nevertheless, it is a fact. If British flag vessels are precluded from operating coastwise between Newfoundland and Canadian Mainland Ports, including points on the St. Lawrence and the Great Lakes, then it follows inevitably that the cost of transportation by water must increase. Any increase will have a serious impact upon the economy of this Province. Not only will it affect the cost of living of our people, which is already the highest in Canada, it in turn will affect earning capacity since it will reduce the purchasing price of our money. Finally it will most adversely affect the ability of this Province to place its products, at a competitive basis, in the Canadian Mainland markets.

Because Newfoundland is an island and because the River St. Lawrence and the Great Lake System exist, a water route is available to Newfoundland to and from the manufacturing centers and the great consumption areas of Canada. The existence of this water route entitles Newfoundland to use it on the most advantageous basis. It also justifies her in protesting any movement or suggestion which would have as its result the impairment of this great natural advantage. Newfoundland, if she is to exist as a fully fledged partner in the Canadian Federation, must have equality of opportunity and must enjoy unhampered, such natural facilities as are available to her for the development and exploitation of her Trade. She protests and will resist to the ultimate any movement which will have the effect of limiting or restricting natural advantages.

Since Newfoundland is situated on the extreme Eastern perimeter of Canada, and because her chief sources of supply are in the Upper Canadian area, horizontal increases in freight rates have their greatest impact upon her. Since 1949, the normal rail rate structure has been increased by horizontal increments at least one hundred and forty per cent. So long as alternative means of transportation are available, these rates are mitigated, but throughout that period of each year when water competition does not exist the rail rate structure bears most heavily upon her.

During the winter months, the Lake ports and the St. Lawrence River are closed by ice. Throughout this period water transportation is impossible. The only means of transportation then available is by rail. Throughout this period, the Railway Companies reinstate their rates to the normal rail rate level. That is the prerogative of the Railway; not much can be said against it. A large portion of the traffic then moved by rail is oncarried by Conference Line Ships from Halifax and St. John to ports in Newfoundland. These vessels move this traffic on Through Railway Bills of Lading. The Combination Agreement already referred to then operates in full force and effect. Only those ships whose owners are signatories to the Conference Agreement enjoy the privilege of participating in the movement of this traffic. Thus it will be seen that the Province of Newfoundland, during the winter months, is dependent absolutely and entirely upon a controlled medium of transportation for the movement of traffic into and out of this Province. Annexed to this

brief will be an exhibit showing the comparative rate structure put into effect by the railways for summer and winter movement from Upper Canadian points into Newfoundland. This exhibit will be referred to in due course and elaborated upon as required.

Since Newfoundland is but a newcomer into the Canadian Federation and as her History and Economic background is largely unknown in other parts of Canada, it has been thought fit to outline in this Brief something of the Island's History, her settlement, and her development; consequently, the introductory sections will deal with the History of the Island, its population, its geographical position, its economy, and its transportation facilities. It is felt that an outline of these factors is necessary in order that the position of the Province visa vis the rest of Canada, particularly from a transportation angle, may be appreciated and understood.

PART ONE

HISTORY OF NEWFOUNDLAND IN OUTLINE

History records that on the 24th day of June, A.D. 1497, the island of Newfoundland was discovered by John Cabot and his son Sebastian. The Cabots had been commissioned by Royal Warrant issued under the great Seal of King Henry VII to sail on a voyage of discovery across the Western ocean. After many days of voyaging, the Cabots are alleged to have sighted Cape Bonavista. In due course, they received from His Britannic Majesty, as a reward for their valor and their achievement, the munificent sum of ten pounds.

For the next two centuries, following discovery, there came to our Island shores a large fleet of English, Portuguese, Basque, French, and Spanish fishermen. These voyagers were the first to reveal to a world which had forgotten the daring deeds of the Northmen, the Northeastern shores of the Continent of America. They brought back to Europe the tidings of the harvest of the sea "richer than the gold mines of Golconda or Peru". The history of Newfoundland is largely a history of the codfishery and it was the merchants and owners of those British ships, manned by courageous West countrymen, who began that great export trade in salt cod that has remained to this day our staple industry.

The first attempt to colonize Newfoundland on a large scale, made by John Guy, who established plantations at Cupids, Conception Bay, in 1610, ended in failure. In that year Newfoundland was the scene of a great fishing and trading industry, employing some one hundred and fifty ships and over ten thousand men. Other colonies followed John Guy's and the period 1610-1763 might be called the period of colonization or early settlement. During the wars with France, the population of Newfoundland increased considerably, as England was not able to enforce laws against her own subjects with regard to settlement.

In 1633, Charles I, through the Star Chamber, promulgated certain laws for the better government of Newfoundland. According to the old and corrupt system, the master of the first fishing vessel to arrive at any port would be Admiral of the port during the season. Thus it was, that for many years these Admirals, most of whom were so illiterate that they could not sign their names, exercised entire control of the country, including the administration of Justice.

About 1670 Josiah Child, one of the principal merchants in England, tried to influence the Government to prevent settlement by destroying the entire colony.

Up to the conclusion of the celebrated Treaty of Utrecht, on the fourth of April, 1713, Newfoundland presented a constant scene of dispute, warfare, and depredation, being sometimes in possession of the English and sometimes in possession of the French.

In the year 1728 Captain Henry Osbourne, of Her Majesty's Ship Squirrel was appointed the first Civil Governor of Newfoundland, and the Island was established as a separate colony of Great Britain.

Up to 1811 settlement was forbidden and fishermen were allowed to erect only such buildings and erections as were necessary for the curing, salting, drying and husbanding of fish. No other class of building could be erected in any part of Newfoundland, without the permission of the Governor; neither was any soil to be cultivated. Despite official opposition, however, there were more than ten thousand residents on the Island by 1785.

In 1814, as a result of the war between the United States of America and Great Britain, the fisheries were left almost exclusively in the hands of the British, who had few competitors in the market abroad. This, together with the circulation of money arising from the naval and military establishments, produced an unexampled degree of prosperity. Over one million two hundred thousand quintals of codfish were exported; six thousand tons of codoil; one hundred and fifty-six tons of seal oil; besides salmon, mackerel, furs, and berries; the whole amounting to no less a sum than two million, eight hundred and twenty-eight thousand, nine hundred and seventy-six pounds; or eleven million, one hundred and forty-four thousand dollars.

In the same year, June 17th, the Treaty of Paris was concluded. This was followed by a general depression which was accompanied by a fall in the value of produce. The population at this time was about fifty thousand.

Down through the years, periods of peaks and depths have characterized the Newfoundland fisheries, in common with the fisheries of our maritime neighbours, governed as the industry is, not only by natural forces and conditions, but by export markets and world conditions.

The interests of the country were sadly neglected until the appointment of Sir Thomas Cochrane as Governor, in 1826. Governor Cochrane was the first Naval Officer to hold the appointment of Governor. An intelligent and enterprising man, he encouraged agriculture, the erection of public buildings and opening of roads.

In 1828, a road from St. John's to Portugal Cove, Conception Bay, was opened and about ten years later the Legislature voted thirty-five thousand pounds in two years for making roads and bridges. Agriculture began to be pursued more extensively and schools were established in various parts of the Island.

In 1854, steam communication opened between the different districts and the Capital; a telegraph line was erected from St. John's to the Western part of the Island, and a line of Canadian and United States steamers made St. John's a port of call on their way to and from Europe. The first Atlantic cable was landed at Bay Bulls Arm, Trinity Bay on August 6th, 1858. This cable, however, worked only a few weeks when it went dead. The first successful cable between the old and the new world from Valentia in Ireland to Heart's Content, Newfoundland, was landed at Heart's Content on July 27th, 1866. It was the culmination of years of experiment, incalculable toil, dogged determination--and an expenditure of about twelve million dollars.

The following is from a letter of Mr. Bridges, Managing Director of the Grand Trunk Railway, to the Canadian Board of Trade, on the trade of the Lower Provinces in 1866:

"The total importations of flour into the four Provinces of New Brunswick, Nova Scotia, Prince Edward Island, and Newfoundland, according to the last returns (1864) which have been published by the respective Governments of these Provinces are as follows, viz:

In New Brunswick	256,096 Barrels
In Nova Scotia	382,301 Barrels
In Prince Edward Island	32,601 Barrels
In Newfoundland	<u>202,718 Barrels</u>
TOTAL	<u>873,716 Barrels</u>

"In Newfoundland, of the total importations of two hundred and two thousand, seven hundred and eighteen barrels, there were from Canada twenty-five thousand, eight hundred and thirty-five; from Nova Scotia three thousand four hundred and eighty-two and from the United States one hundred and seventy-two thousand one hundred and forty-five.

"In regard to Newfoundland, in addition to flour they imported in the year 1864 twenty-six thousand one hundred and fifty-seven barrels of pork, of which twenty-three thousand four hundred and seventy-two were sent from the U.S.A. and one thousand two hundred and ninety-three from Canada. They imported two thousand four hundred and seventeen barrels of beef; of which one thousand nine hundred and ninety-nine were from the U.S.A. Of butter, the importations were sixteen thousand five hundred and thirty-six cwt., of which Nova Scotia supplied four thousand one hundred and ninety-two cwt., Canada two thousand four hundred and sixty-six cwt., and the U.S. seven thousand four hundred and fifty-four cwt. Of leather ware, the total importations were to the value of \$61,936; of tea four hundred and sixty-one thousand eight hundred and thirty pounds, and of tobacco two hundred and ninety-one thousand seven hundred and fifty pounds.

"For reasons already given, the trade of which I have endeavoured, as regards the Provinces, to give a few examples, can by proper arrangements be carried on to a very large extent indeed with Canada before Confederation takes place. Of course as soon as that desirable event has actually been completed there can be no doubt of the large increase in trade which will immediately follow."

The first Railroad Construction Bill was passed in 1879, and the first through-train from St. John's to Port aux Basques left St. John's on June 29, 1898; thus the industrial era of Newfoundland may be said to have begun.

PART TWO

CONSTITUTIONAL

Until 1832 Newfoundland was ruled solely by the Governor, instructed from time to time by the Imperial authorities. In that year the British Parliament passed a measure creating a Representative Assembly and giving to the Island a form of self-government. However, the Governor and his Council were not responsible to the Legislature. The Island was divided into nine electoral divisions, each of which was to have one or more representatives, according to population.

In 1855 Responsible Government was granted and lasted until 1933 when a Royal Commission of Enquiry was appointed to make an investigation into the financial and economic condition of Newfoundland. The Royal Commission began its work in the Spring of 1933 and its Report was made public in November, 1933. It recommended the suspension of the Letters Patent of the year 1876 and the setting up of a Commission of Government.

The last session of the Legislative Council and House of Assembly was held on December 2, 1933.

Commission of Government was inaugurated February 16, 1934 and remained in power until March 31st, 1949.

In December 1945, the United Kingdom Government announced that a National Convention would be elected by the people of Newfoundland to assist them in reaching a decision regarding their future form of Government. Such a Convention was duly elected in June, 1946 and after protracted negotiation and prolonged discussion, this Convention recommended to the United Kingdom Government that a referendum be held to decide whether:

- (1) Responsible Government should be restored, or
- (2) Commission of Government retained.

Following upon the holding of referenda, a majority vote was registered in favor of Confederation with Canada.

On October 6, 1948, a delegation appointed by the Government of Newfoundland and representatives of the Canadian Government opened negotiations in Ottawa. On the 11th day of December, 1948, the Terms of Agreement were formally announced and on the 31st day of March, 1949, Newfoundland became the tenth Province of Canada.

PART THREE

GEOGRAPHICAL POSITION

Newfoundland is geographically situated on the Eastern side of the North American Continent and across the entrance to the St. Lawrence River and the Great Lakes. It lies between parallels forty-six and fifty-two North Latitude and between the meridians fifty-two and sixty West longitude.

Its most Northerly point is Cape Bauld in Latitude fifty-one degrees, thirty-eight minutes, forty-one seconds North; and Cape Pine is its most Southern point, in latitude forty-six degrees, thirty-seven minutes four seconds North.

The most Eastern point is Cape Spear at fifty-two degrees, thirty-six minutes, fifty-nine seconds of longitude West of Greenwich. The most Western part is Cape Angille in longitude fifty-nine degrees, twenty-nine minutes, thirty-six seconds West.

Newfoundland is bounded on the North by the Straits of Belle Isle which separate it from the neighbouring continent at the Southern part of the Labrador Peninsula. The Strait at its narrowest part is only nine miles across. On the East and on the South, Newfoundland is washed by the waters of the North Atlantic Ocean, into which it stands out so as to form a projecting corner of the North American seaboard. It is bounded on the West by the Gulf of St. Lawrence which extends from the Cabot Strait at the South Eastern entrance of the Gulf, to the Straits of Belle Isle.

Newfoundland has an area of forty-two thousand square miles.

LABRADOR

Labrador is a large peninsula on the East Coast of North America. It is bounded by the Gulf of St. Lawrence and Hudson Bay.

The boundary line between the two divisions--Labrador in the Province of Quebec and Labrador in the Province of Newfoundland--begins at the East side of Blanc Sablon Harbour in the Straits of Belle Isle and runs North to the fifty-second parallel of latitude, thence west along the fifty-second parallel to Romaine River, then North Easterly and Westerly along the left bank of the said river and North to the height of land and then following the height of land to Cape Chidley. (Reference: Privy Council Decision, 1927.)

Labrador in the Province of Newfoundland comprises all the mainland between the boundary line described above and the Atlantic Ocean and all the islands along the Coast from Blanc Sablon to the entrance to Ungava Bay. It has an area of about one hundred and twelve thousand square miles. The coastline is roughly one thousand two hundred miles in length.

APPROXIMATE LAND AND FRESH WATER AREAS

PROVINCE OF NEWFOUNDLAND

(Source: Canada Year Book)

	Square Land Miles	Fresh Water	Total
Island of Newfoundland	37,392	5,342	42,734
Coast of Labrador	<u>98,000</u>	<u>14,000</u>	<u>112,000</u>
Province of Newfoundland	135,392	19,342	154,734

Newfoundland ranks seventh among the Provinces in area. It is about one-quarter the size of Canada's largest Province, Quebec (594,860 Sq. Miles), and is more than three times the combined area of Prince Edward Island (2,185, Sq. Miles), Nova Scotia (21,068), and New Brunswick (27,985 Sq. Miles). The Island of Newfoundland is about eighty-three per cent of the combined area of the three Maritime Provinces.

DISTANCES BETWEEN ST. JOHN'S, NEWFOUNDLAND
AND OTHER POINTS IN CANADA

(Note: Distances shown are overland route by railway and ocean route between Port aux Basques and North Sydney.)

(Source: Canada Year Book)

PLACE	DISTANCE (Miles)
Sydney (by boat)	435
Halifax (by boat)	625
Charlottetown	894
Halifax	933
Moncton	994
St. John	1,083
Fredericton	1,099
Quebec	1,467
Sherbrooke	1,451
Three Rivers	1,545
Montreal	1,559
Ottawa	1,663
Kingston	1,725
Toronto	1,886
Hamilton	1,925
London	2,001
Windsor	2,111
Fort William	2,521
Winnipeg	2,817
Brandon	2,951
Churchill	3,796
Regina	3,172
Saskatoon	3,288
Calgary	3,639
Edmonton	3,618
Vancouver	4,280
Victoria	4,365
Prince Rupert	4,574

The Port of St. John's is about nineteen hundred miles from Liverpool, England; while the air distance between Gander Airport and London, England is twenty-three hundred and sixty miles.

The distance between the Port of St. John's and the Port of Halifax by water in Nautical miles, as taken from a chart, is 525 miles, from St. John's to Montreal--1,021 miles; St. John's to Hamilton, Ontario--approximately 1,200 miles. The distance from Corner Brook to Halifax by water is 425 miles; from Corner Brook to Montreal--750 miles; and from Corner Brook to Hamilton--approximately 930 miles. The distance by water from the port of Botwood, which is the shipping outlet for Central Newfoundland and Grand Falls, to Montreal via the Straits of Belle Isle is 995 miles.

A map showing Newfoundland's geographical position in relation to the St. Lawrence River and the Great Lakes Ports has been attached to this submission. From this map it is easily seen that Newfoundland can obtain great benefit from shipping services between here and the Great Lakes, but only if competitive freight rates remain in effect.

PART FOUR

POPULATION

The following table illustrates the rapid increase in the population of the Province of Newfoundland from the first years when such figures were first collected. Newfoundland's population has increased solely through natural causes, unaided by any great stream of immigration and in spite of heavy emigration.

POPULATION AND PERCENTAGE OF INCREASE, 1836-1945

<u>Year</u>	<u>Population</u>	<u>Percentage Increase</u>
1836	75,094	
1857	124,288	65.5
1869	146,536	17.9
1874	161,374	10.1
1884	197,335	22.3
1891	202,040	2.4
1901	220,984	9.4
1911	242,619	9.8
1921	263,033	8.4
1935	289,588	10.1
1945	321,819	11.1

By the census taken in June of 1951, Newfoundland's population had increased to 361,416 persons. The Dominion Bureau of Statistics estimates that as at December 31, 1954, Newfoundland's population was 404,000 persons. The Dominion Bureau of Statistics bases this estimate on the fact that the Province's population according to its figures, increases at the rate of three per cent yearly. This is truly an amazing rate of growth. The population of Newfoundland is increasing at a faster rate than that of any other Province.

Newfoundland's population is distributed in small settlements all around the Island's six thousand mile coastline. Apart from St. John's, Corner Brook, Grand Falls, and about thirty larger settlements, Newfoundlanders live in villages of under one thousand persons. This fact means that a terrific problem is encountered in the transportation of goods to these out-ports and in communication between them. The people, resident on the coastline, for the most part are dependent upon the coastal shipping services of the C.N.R. and local coastal schooners for the transportation of goods and the export of their products.

Almost one hundred per cent of the population of Newfoundland is of English, Irish, and Scottish ancestry.

PART FIVE

ECONOMY

Since the earliest days of settlement, Newfoundland's economy has depended on the production of primary products for export. Until almost the end of the nineteenth century, virtually the sole export industry was the fisheries. As late as 1890, about ninety per cent of the exports consisted of fish and fish products. In the past half century, the economy has become more diversified. The development of mining, the pulp and paper industries, and some local manufacturing has brought about this change, but nevertheless, Newfoundland is still basically an area of primary production. Industries in the Province may be classified in order of importance as follows:

- a: Pulp and Paper
- b: The Fisheries
- c: Mining
- d: Agriculture for Local Consumption

Manufacturing, until very recently was concerned almost entirely with the needs of the home market. This position is now changed, several industries have been established which require an outlet for their products, principally in Mainland Canada.

Because Newfoundland is an area of primary production, she is dependent for her food and clothing requirements upon the Mainland manufacturing and production centers of Canada. This makes the Province vulnerable to transportation costs and sensitive to any increase that may be imposed upon the general freight structure. The products of our primary industries, namely, pulp and paper, ores and minerals, and fish products, are all exported either in the manufactured or the raw state as the case may be. These products find a market almost exclusively in the United States of America; little, if any, is disposed of on the Canadian Mainland. Thus we have a most anomalous trading position, with Newfoundland dependent entirely upon American markets for the sale of the products of her forests and her mines and her fisheries, she is still more dependent upon Canada for the purchase of her requirements although Canada purchases little of her goods.

Since the closing of the Second World War, great new markets for our fish and fish products, particularly fresh and frozen, have been established in the United States of America.

In due course, witnesses representative of all phases of industry mentioned above will appear before this Commission to elaborate upon development. These witnesses will establish the highly competitive nature of marketing conditions. They will show that the products of Newfoundland must compete in the American market with products of other Canadian Provinces situated at much shorter distances from the point of consumption. They will show that it is only because transportation costs by water are maintained at a comparatively low level that it is possible to lay down these products in the American markets on a competitive basis. Any change resulting in an increase in carrying costs must result in substantial financial loss to Newfoundland's trade.

In addition to the salt, fresh, and frozen fish development, other branches of the industry have been developed to a substantial degree. The salmon, herring, lobster, whale, and sealing industries also contribute to the economy of the island. The value of the fishery exports, including codfish, fresh and salt, and other products of the fishery, was, in 1948:

Salt Codfish	\$16,405,000
Other Fishery Products	<u>12,953,000</u>
TOTAL	<u>29,358,000</u>

It is estimated that in 1951, the landings of fish in Newfoundland amounted to about 612,500,000 pounds, with a value to the fishermen of \$13,500,000, while the marketed value of fisheries products was in the neighbourhood of \$29,000,000. In 1954, the Dominion Bureau of Statistics reported that 614,754,000 pounds of fish was landed with a total payment of \$14,912,000 to the fishermen.

The Royal Commission on Forestry in its report dated 1955 published a table showing the relative standing of the most important Provincial industries. The report states that the latest data on Provincial income are as of 1951 and of imports and exports as of 1953; however, the broad picture has not essentially changed, and the information does show the comparative importance of the main elements entering into the Provincial economy. The Commission's estimate of Provincial income for 1951, based on D.B.S. figures, Budget Speeches (Federal and Provincial), and information from the Departments of Mines and Resources, and of Fisheries, is as follows:

ESTIMATED INCOME OF NEWFOUNDLAND 1951

Forest Industries	
Operations in the Woods	\$26,500,000 (13.0%)
Wood Using Industries	3,500,000 (1.7%)
Pulp and Paper	34,200,000 (16.8%)
	\$64,200,000 (31.6%)
Mining	25,150,000 (12.3%)
Fishing Industries	
Fishing	\$13,000,000 (6.4%)
Fish Processing	7,000,000 (3.4%)
	\$20,000,000 (9.8%)
Agriculture	2,900,000 (1.4%)
Electric Power	2,600,000 (1.3%)
The Printing Trades	1,250,000 (0.6%)
Other Manufacturing	8,500,000 (4.2%)
Construction	18,400,000 (9.0%)
Trades, Services, Transportation, etc.	35,000,000 (17.1%)
Defence expenditures (Canada and U.S.)	16,000,000 (7.8%)
Net Transfer Payments	
(Federal To Province)	<u>10,000,000 (4.9%)</u>
	\$204,000,000 (100 %)

PULP AND PAPER INDUSTRY

The forests of Newfoundland comprise an area of some seventeen thousand square miles. Two companies, the Angle-Newfoundland Development Company, and Bowaters' Newfoundland Pulp and Paper Mills, Limited, operate large mills at Grand Falls and Corner Brook respectively. Bowater's mill is located on tide water, while the Angle-Newfoundland Development Company operates a short railway spur to the seaport of Botwood, some twenty miles away. These companies produce newsprint, sulphite, and ground wood pulp. Although the Newfoundland mills are remote from the main consumption markets, their location at or near tide water and the facility of low cost water transportation plus sources of electric power permit production and transportation at a competitive cost. The production of these mills is marketed principally in the United States and the United Kingdom. The value of the newsprint and allied products exported for the year 1948 was \$31,251,142. In addition to the two major newsprint companies, nine hundred saw-mill operators were licensed in 1948 to carry on lumbering operations in the Island. The lumber produced by these mills is used almost entirely within the Province.

The following figures taken from the Report of the Royal Commission on Forestry show how the two pulp and paper companies dominate the forestry field and that their successful operation is essential to the prosperity of the Province.

EXPORTS FROM NEWFOUNDLAND

WOOD AND PAPER PRODUCTS

	1953 Value	Percentage of Total
Wood, unmanufactured or partially manufactured (a)	3,050,367	5%
Wood, manufactured (b)	5,544,005	8%
Paper and paper goods (c)	<u>59,413,305</u>	<u>87%</u>
	\$68,007,677	100%

Notes: (a) almost entirely pitprops, pulpwood and groundwood pulp
 (b) chiefly sulphite pulp-strong unbleached and unbleached newsgrade
 (c) almost entirely newsprint and beater stock

MINING

Mining takes third place among Newfoundland's basic industries. The mineral product in 1952 was valued at \$32,898,734. In 1953 the value of minerals produced was \$33.8 million and in 1954, \$44.9 million. Output is comprised mainly of zinc, iron, ore, lead, fluorspar, and copper, in that order. The Province also produces some silver and gold, sand and gravel, stone, cement and gypsum. The entire output of iron ore comes from the Bell Island mines of Dominion Wabana Ore Limited and the zinc, lead,

copper, gold, and silver, from the mines of Buchan's Mining Company Limited at Red Indian Lake. The old copper mine at Tilt Cove in Notre Dame Bay will be again in production this year. An extensive program of exploration and development work has been carried on in different parts of the Island since 1949. Newfoundland has extensive reserves of fluorspar and in 1952 accounted for over ninety-eight per cent of the total Canadian output with a production of 82,503 tons, valued at \$2,473,167. All the known commercial fluorspar veins occur in the vicinity of St. Lawrence, a town on the South-East coast of Newfoundland. The St. Lawrence Corporation of Newfoundland Limited produces about seventy-five per cent of the product, which it sells in Canada and the United States. The output of Newfoundland Fluorspar Limited, a subsidiary of Aluminum Company of Canada Limited, is used mainly by that Company in production of aluminum. In 1952, North Star Cement Limited brought its quarries at Humbermouth into production and began operations at a rated capacity of six hundred thousand barrels annually. In 1952, development of the extensive deposits of gypsum on the West Coast of the Island in the Bay St. George area was begun. This product is being processed in a new factory erected in 1951 by the Provincial Government at Humbermouth near Corner Brook. One section of the plant is for the manufacture of gypsum plaster and the other is for the manufacture of gypsum wallboard and lath. Capacity of the plaster mill is about 200 tons per day and that of the wallboard mill, about 250,000 square feet daily. The limestone quarry at Aquathuna on the North side of St. George's Bay supplies a large part of the requirements of flux in the iron and steel mills at Sydney, Nova Scotia.

In 1954 the total volume of production of minerals in Newfoundland was 4,695,684 tons. This volume was composed of the following minerals: limestone, copper concentrates, lead concentrates, zinc concentrates, gravity concentrates, iron ore, fluorspar, shale, gravel, and gypsum rock. Total wages paid for this production was \$12,595,007.28.

AGRICULTURE

Agriculture in Newfoundland is subsidiary to other industries, virtually all production being for domestic consumption. The climate is not well suited to the production of crops and the amount of arable soil and pasture land is limited. Most food is imported, comprising about one third of the Island's total imports annually. Before Confederation, two thirds of the food imports were from Canada and most of the remainder from the United States of America. Commercial farming has developed where there are urban centers to provide a steady market and for this reason, most of the farming in Newfoundland has been carried on in the Avalon Peninsula and on the West Coast. Apart from this, farming throughout the rest of the Island is on a part-time family plot basis.

Before Confederation the United States was the most important customer of Newfoundland products and a very important source for Newfoundland imports, though Canada was a chief source of supply. The comparative figures of Imports and Exports for 1947-48 are as follows:

	<u>IMPORTS</u>		<u>EXPORTS</u>		Total Trade
	Millions of Dollars	% of all Imports	Millions of Dollars	% of all Exports	Millions Dollars
U.S.A.	40	38	27	33	68
Canada	55	52	11	13	66
United Kingdom	6	6	13	16	19
Other Sterling	2	2	6	8	8
Other Dollar	<u>2</u>	<u>2</u>	<u>23</u>	<u>30</u>	<u>24</u>
	\$105	100	\$80	100	\$185

Since 1949, the trend of trading has changed. Canada is now our principal supplier. In 1954 the total tonnage of goods moved into Newfoundland from all Canadian sources was one million tons. This has been estimated to represent a purchasing volume in excess of \$150,000,000. Thus it will be seen that the Province of Newfoundland is an important market for Canada. It will also be seen that the cost of transportation of this volume of goods is a major factor affecting Newfoundland's economy.

PART SIX

TRANSPORTATION FACILITIES

A: Local

(1) Railway

Transportation facilities in Newfoundland are meager. The main channels of communication are, in order of their importance: water transportation, rail, highways, and airways. The Island has a coastline of approximately six thousand miles, around which are established more than thirteen hundred settlements, large and small, in which the coastal population resides. Labrador has a coastline of twelve hundred miles and has a population of fifty-five hundred people. The coastal area is served mainly by the coastal steamship service which is operated by the Railway as a branch of the Canadian National Railways, and by local coastwise vessels, and small boats.

The Railway, which meanders its way across the Island from St. John's on the East Coast to Port aux Basques at the extreme South Western corner of the Island, covers a distance of five hundred and forty-seven miles. The total Railway mileage is seven hundred and five miles of which one hundred and fifty-eight miles consist of branch lines. It traverses an irregular line North and Westwards to Port aux Basques. The system, which is narrow gauge, is three feet, six inches in width. A regular passenger and freight service is maintained over this line and the average length of time for a passenger train to complete the journey from the Eastern terminal to the Western gateway at Port aux Basques is twenty-four hours. From Port aux Basques, a passenger and freight service is maintained by ferry to North Sydney, Cape Breton, where connection is made with the Canadian National Railways on the Mainland.

Under the Terms of Union, traffic moving over the Canadian National Railways through North Sydney and Port aux Basques is designated as "all-rail traffic". This resulted in a very substantial increase in the volume of traffic handled by the Railway. Whereas, the total tonnage routed through North Sydney to Port aux Basques in 1948 was in the vicinity of 65,727 tons, the provision of the all-rail route brought increasing volumes as the following figures indicate:

1951	. . . . .	82,701 tons
1952	. . . . .	102,597 tons
1953	. . . . .	122,938 tons
1954	. . . . .	123,698 tons

Thus, by 1954 the increase in traffic on the C.N.R. through North Sydney to Port aux Basques, was approximately one hundred per cent. During the same period, the volume of expressage from North Sydney through Port aux Basques was:

1951	. . . . .	6,967 tons
1952	. . . . .	8,914 tons
1953	. . . . .	9,974 tons
1954	. . . . .	9,875 tons

The C.N.R. did not have enough rolling stock and equipment nor adequate facilities to handle the volume of traffic that developed after Confederation. As a result of the establishment of the all-rail route and the existence of the Canadian tariff structure, imports from the Mainland of Canada increased, while imports from the United States and the United Kingdom decreased. Since the C.N.R. was unable to handle all the traffic offering, it negotiated an agreement with certain steamship lines, whereby, these steamship lines would pick up C.N.R. freight at Halifax and carry this on Through Bills of Lading to Newfoundland. The following figures made available to us give the volume of traffic handled through Halifax by the Associated Steamship Lines for points between Millertown Junction and St. John's, but do not include traffic landed for St. John's itself:

1951	. . . . .	25,420 tons
1952	. . . . .	25,963 tons
1953	. . . . .	32,559 tons
1954	. . . . .	38,265 tons

To obtain an approximate total figure which would include traffic landed for St. John's itself these figures should be increased by forty per cent, thus the total volume of traffic carried by the Associated Steamship Lines from Halifax on Through Bills of Lading in 1954 would be approximately fifty-three thousand, five hundred tons.

The Newfoundland Division of the Canadian National Railways faces grave difficulties during the winter months in operating conditions over certain sections of the Railway system involving heavy expenditures resulting from snow blockades and other conditions. This applies particularly to what is known as the Topsail Region. In view of this fact and the fact that facilities at the port of North Sydney are inadequate and cause great delays, it is obvious that alternative transportation facilities, for example, by water, are very important if paralyzing of traffic is to be prevented. It is indisputable that facilities do not exist either at North Sydney or at Port aux Basques capable of handling adequately the volume of traffic offering.

The increased volume of freight carried over the Newfoundland Division of the Canadian National Railways since Confederation is also illustrated by the following figures which indicate the volume of traffic carried in Newfoundland by originating within Newfoundland and excluding freight brought in from the Mainland through Port aux Basques:

1948	. . . . .	790,833 tons
1951	. . . . .	1,015,874 tons
1952:	. . . . .	1,229,316 tons
1953	. . . . .	1,265,244 tons
1954	. . . . .	1,147,987 tons

The following table shows the number of passengers carried, the volume of freight moved, the number of employees, and the annual payroll for the years 1947-48 and 1953-54:

NEWFOUNDLAND RAILWAY, PASSENGERS AND FREIGHT CARRIED
NUMBER OF EMPLOYEES AND PAYROLLS, SPECIFIED FISCAL YEARS
 (Source: Newfoundland Services, Canadian National Railways)

<u>RAILWAY</u>	<u>1947-48</u>	<u>1953-54</u>
Number of Passengers	274,497	294,862
Freight carried (tons)	856,560	1,271,685

STEAMSHIPS

Number of Passengers	47,434	38,605
Freight carried (tons)	51,264	41,424

ALL RAILWAY SERVICES

Number of Employees	(approx.) 4,169
Payroll	\$6,976,900

The following schedule sets forth in some detail a list of rolling stock and equipment owned and operated by the Railway as at April 1, 1949 and as at April 1, 1955:

RAILWAY ROLLING STOCK AS AT APRIL 1, 1949, 1955

	<u>1949</u>	<u>1955</u>
Steam Locomotives	46	40
Diesel	3	12
First Class Passenger Cars	26	33
Second Class Passenger Cars	14	14
Private Cars	3	3
Business Work Car	1	1
Compartment & Observation Cars	1	1
Sleeping Cars	18	22
Dining Cars	8	7
Baggage Cars	13	8
Express Cars	4	4
Mail Cars	6	9
Box Cars	391	639
Automobile Cars	26	36
Refrigerator Cars	31	77
Flat Cars	385	740
Wooden Ballast Cars	20	12
Steel Air Operated Side Dumps	19	39
Steel Underframe Ballast Cars	50	50
Regular Coal Cars	8	4
Wooden Snow Plows	20)	
Steel Snow Plows	8)	Total 40
Rotary Plows	3)	
Diesel Shovels	5	5
Diesel Cranes	2	3
Pile Drivers	3	3
Depressed Center Flat Cars	2	2
Ditchers	2	1

RAILWAY ROLLING STOCK (cont'd)

	<u>1949</u>	<u>1955</u>
Caboose Cars	29	45
Tool Cars	6	6
Work Repair Cars	46	62
Cook and Bunk Cars	55	56
Nfld. Service Tank Cars	25	25
U. S. Army Tank Cars	50	50
Imperial Oil Tank Cars	27	44
Shell Oil Tank Cars	6	6
Colas Tank Cars	8	8

In addition, the Railway also had, as of April 1, 1955:

Air Brake Instruction Car	1
Express Refrigerator Cars	10
Gondola Cars	75
Auxiliary Crane Tool Car	1
Boarding Cars	39
Wing Plows	2
Stock Cars	25
Track Scale Test Car	1

Although the Railway has increased its Rolling Stock and equipment and with the change over to Diesel locomotives it has a greater capacity, still it is in no position to handle the transportation needs of Newfoundland to any greater extent than it is now doing. The exclusion of British ships from our coastal trade would mean that traffic now handled by them could not be handled satisfactorily by the Canadian National Railways. Newfoundland is remarkable for her lack of road communication, thus her narrow gauge railway has even greater burdens thrown upon it. The Railway is at present operating at its full capacity; therefore, the utilization of water-borne transportation is of vital importance to the Province.

(2) Coastwise Transportation

The Island of Newfoundland has a coastline of approximately six thousand miles in length. Labrador has a coastline of twelve hundred miles making a total of seventy-two hundred miles in all. The coast itself is deeply indented with bays and coves of varying proportions and the population of the Island apart from the Avalon Peninsula and the industrial centers of Corner Brook and Grand Falls, is located largely on this perimeter. The number of people residing on the coast is approximately two hundred and forty thousand persons. These people have established homesteads in the various coves and inlets, many of them inaccessible except by water.

The servicing of that section of the population established along the coastline has always presented a problem of major proportions to the authorities. It has been apparent from the outset that no system of railway or road links could effectively serve these people. Thus the Government authorities in the Island have from the earliest days been conscious of the necessity of providing a coastal steamship service to that section

of the population established on the coastline and the islands attached to and including Labrador.

The system presently in effect was inaugurated in 1889 and has been in operation continuously since that date. Originally, this service was performed by private contractors who operated steamships under contracts made with the local Government and extending over a period of years. Since 1920, the service has been maintained exclusively by the Newfoundland Railway or its successor and today eight ships owned by Canadian National Railways are in operation and servicing routes all around the island, and along the coast of Labrador.

The primary object of the service was and is, to provide intersettlement communication along the coastline and a direct line of communication by the various coastal boats to St. John's. The system provides amongst other things mail service for which the post office pays a subsidy for each ship on the service. It is also a channel of communication for trade and commerce with the Capital and other industrial towns and cities. It encourages the production of natural resources, such as vegetables, lumber, and other products that can be marketed in the Capital and also for shipment there "in transit" to export markets. There is no doubt that the coastal boats provide an essential means of communication without which the inhabitants of the coastline of Newfoundland and Labrador would be very seriously handicapped and progress greatly retarded. In 1954 the coastal boats carried 38,605 passengers and 41,424 tons of freight.

In addition to the Railway's coastal service, passengers and freight are carried around the Island in motor boats, motor schooners, and coasting vessels. The operations of schooners and coasting vessels carrying freight from the larger centers, such as St. John's and Corner Brook, to the smaller settlements, and carrying fish and other products back to the main exporting points, play a vital part in the transportation field in Newfoundland. It should be noted that motor schooners and coasting vessels also carry freight inward and outward to Newfoundland from North Sydney and other Maritime ports. Thus, apart altogether from Canadian coastal shipping, Newfoundland is dependent upon the C.N.R.'s coastal shipping service and on private coasting schooners for the transport of goods around her long and treacherous coastline.

(3) Roads

Highway facilities in Newfoundland are very limited. There is no transinsular road across the island as yet, although construction of such a road is being undertaken with the assistance of the Federal Government under the Trans-Canada Highway scheme. There still remains a section of eighty-five miles from Shoal Harbour to Gander untouched. It is not anticipated that Newfoundland will have even a gravel road across the island for at least another three years. The existing mileage of road in Newfoundland as at the end of last year was as follows:

ROAD MILEAGE

Classification	Miles
Highways paved	126
Highways gravel	1925
Secondary roads, gravel	452
Unmotorable trails	785
Local Roads	<u>3000</u>
TOTAL	<u>6288</u>

There has been inaugurated an extensive road building program during the last ten years but the geographical and topographical features of the Island make the construction of transportation facilities in this Province very costly. The location of the population around the long, indented coastline, means that our roads must run through vast, sparsely settled areas to connect many small settlements and thus the required mileage in relation to population is greater than elsewhere in Canada. A striking example of the mileage required is the fact that Newfoundland must build the second largest mileage of Trans-Canada Highway--second only to Ontario.

The number of cars in Newfoundland has increased to a total of 20,331, in 1953, from a total of 5,043, in 1946. At the same time, the number of commercial vehicles rose from 3,023 to 8,219 giving a total of 28,550 motor vehicles in Newfoundland in 1953. The increase in volume and weight of traffic has imposed upon the roads a burden many of them were never designed to bear and their maintenance at a reasonably adequate level has become more costly and difficult. Newfoundland actually has, as far as motor vehicle transportation is concerned, a total of twenty-five hundred miles of road. The following table shows the mileage of roads per thousand of population of Newfoundland and the Maritime Provinces. It will be seen from this table that Newfoundland is far behind the Maritimes in the provision of road facilities.

	POPULATION	TOTAL MILEAGE	ROAD MILES PER 1000
New Brunswick	536,000	13,187	24.6
Nova Scotia	663,000	15,093	22.7
Prince Edward Island	106,000	3,225	30.4
Newfoundland	383,000	2,503	6.6

The lack of roads across the Island and the low mileage and poor conditions of the existing roads in Newfoundland has the effect of making her people even more dependent on the Railway system and coastal shipping lines.

B: Shipping Facilities Available to Newfoundland

Shipping operations under this heading can be divided into two groups:

1. British registered ships,
2. Canadian registered vessels.

Prior to 1949, the carrying trade of Newfoundland was performed by ships of all nations. The free shipping market was available to Newfoundland shippers and receivers, and they utilized this privilege without restriction. Since Confederation transportation facilities by water have been restricted to ships of British and Canadian registry. This limitation on shipping operations has not greatly affected the economy of the Province as yet, but any further contraction will have immediate and serious results.

In order that a comprehensive picture may be presented to the Commission, it is proposed in this part to describe the various agencies that operate in the Newfoundland-Canada trade.

Eight regular lines of steamships function today in this important shipping operation. Some operate to and from Great Lakes Ports exclusively. Others to River and Lake ports, while still others operate chiefly to Mainland coastline ports. Then too there is a trans-ocean service which touches United Kingdom and United States Ports. Similarly there is the Canadian National Railways which operate a railway water-carriage link between Canada and Newfoundland. Each of these agencies provides an essential service to Newfoundland which is necessary to the Island's trade and economy. Any dislocation of the service now in being would have far-reaching and serious economic effects.

In order of seniority, if not also in importance, we make reference to Furness Withy and Company, Limited. This Company has maintained an association with Newfoundland trade that is traditional. Its history goes back many years.

Furness Withy and Company Limited is the successor of the Allan Line which too had a long history of trading with Newfoundland. The Allan Line, the predecessor of Furness Withy, operated as Furness continues to do--a Trans-Atlantic service. Furness Withy and Company Limited provides the only direct water link for passenger and freight service between Newfoundland and United Kingdom Ports. This service is availed of as it has been for years for an import and export movement of traffic, as well as for the passenger service which the Line provides. In addition, Furness Withy and Company Limited maintains a fast and efficient service between St. John's and Halifax. This service is utilized for the shipment of exports to Halifax, mostly fish products. This cargo is trans-shipped for oncarriage to the West Indies and South American markets. Further reference will be made to this in our comments on the movement of fish and fish products.

It is necessary to say that the facilities provided for the movement of passengers by the Furness Withy Line, both trans-Atlantic and coastwise, is of the greatest importance to Newfoundland. Apart from the facilities offered by the Canadian National Railways, which are limited in many ways, and the air service provided by Trans-Canada Airlines, which is spasmodic because of weather conditions, the only other means available for passenger transportation is by the Furness Withy steamships. Because of Newfoundland's isolation, transport-

ation facilities are essential and must be expanded rather than contracted.

The Furness Withy Line also provides a most essential service to Boston. This gives the Province an opportunity to move traffic by water on regular schedule to and from United States points. The United States of America has always been our principal customer. She has purchased our products of the forest, the mines, and the sea, all down through history. Trading relations between Newfoundland and the United States have always been cordial. It is necessary to the economy of the Province that every encouragement should be given towards this end.

It will be observed from what has been said that Furness Withy and Company Limited serves two Canadian Ports in the course of their operations. We take it that this is necessary in order to sustain the service. If British vessels are restricted from coast-wise operations, Furness Withy and Company, Limited will be precluded from making Halifax and St. John's ports of call. Either one or the other must be dropped, probably both. In either event the service provided to Newfoundland will be greatly restricted, if not disrupted. The Company will be precluded from lifting and dropping off cargo between St. John's and Halifax. Similarly the passenger service now provided by the Company will be prohibited. Newfoundland cannot tolerate such a position.

Lastly it should be said that Furness Withy and Company, Limited is the only operator using the Port of St. John's which owns its own warehouse and wharfage facilities. These facilities represent a substantial capital investment.

Furness Red Cross Line is a subsidiary of Furness Withy and Company, Limited. This Line operates two ships, both of which are of British registry. This Company maintains a service on a schedule basis with New York, Saint John, Halifax, Corner Brook, and St. John's. One of the ships, the Fort Avalon was built particularly for the Newfoundland trade, and was constructed with a view to making regular sailings from Corner Brook with paper shipments to American Ports. The vessel is strengthened for contact with ice and is ideally suitable for operating on the Newfoundland service.

Next we mention Canadian Constantine Services. This organization operates two British registered vessels between Great Lakes Ports, Montreal, St. John's and Corner Brook. This service was inaugurated in 1953. Both vessels offer a cubic foot capacity of two hundred thousand feet. In 1953 this Company moved into St. John's from Mainland ports 11,185 tons of cargo, and into Corner Brook 2,400 tons. Their outward movement from St. John's was 709 tons, and from Corner Brook 7,000 tons. Thus in 1953, the Constantine vessels moved 21,000 tons of cargo between Newfoundland and the Great Lakes. In 1954, Constantine moved into St. John's about 16,000 tons and outward from St. John's 1,100 tons. During the same year, 4,600 tons were moved into Corner Brook and 928 tons moved outwards. Thus the total ton-

nage carried by Constantine Line in 1954 was 22,648 tons.

Newfoundland Great Lakes Steamship Company, Limited operates time-chartered British vessels between Great Lakes Ports and Newfoundland. This Company maintains a weekly service between St. John's, Hamilton, and Toronto. During the open season of navigation they utilize three ships all of British register--the Perth, the Lunan, and the Dundee. The approximate tonnage moved by this concern eastbound and westbound, was in the vicinity of 46,000 tons in 1954.

The foregoing four services represent with one exception the scheduled British ship service to and from Canada and Newfoundland. Thus vessels of British registry operating out of the Great Lakes move traffic on an all-water rate basis. This has had the effect of creating a competitive factor in relation to rail-rate movements, which has forced acknowledgment from the Railways. This acknowledgment has taken the form of a rail-water competitive rate from Toronto-Hamilton area to St. John's and Corner Brook. Much will be said on this in due course. It is significant that during the summer or open season of navigation the competitive rail and water rate is in existence. When once the navigation season closes the normal rail rates go into effect. It is only because of British ships being available to move this traffic that the Newfoundland receiver enjoys the lower incidence of rail rates.

The Blue Peter Steamships, Limited operates Canadian vessels--the Blue Peter and the Blue Cloud. Their service is maintained on a weekly basis and serves St. John's, Boston and Halifax. During the open season an additional ship is operated between St. John's and Prince Edward Island.

Clark Steamships, Limited operates a weekly service between Montreal and St. John's. They utilize three ships, one of which is of British register. In addition they maintain a fortnightly service between Corner Brook and Montreal and in certain instances their ships touch a limited number of outports.

Newfoundland-Canada Steamships, Limited, a Canadian corporation, operates two Canadian vessels on weekly round trips between Halifax and St. John's.

In addition to the regular Lines, there are, of course, many vessels of the tramp type that lift cargoes to and from Newfoundland and Mainland Canadian Ports. This applies particularly to bulk movements, such as coal, ores, wood products, flour and feeds.

Similarly, locally owned vessels maintain a most important service between Maritime Ports and Newfoundland. For example, practically all the coal moved to outport Newfoundland from the Sydney mines is carried in local bottoms. Last year this tonnage movement approximated 87,000 tons. Flour and feeds in large quantities are also moved under a forwarding rate from the Sydneys to various points on the coast-line of Newfoundland.

Certain of the companies referred to in the foregoing part, excluding, however, the Constantine

Canadian Service and the Newfoundland Great Lakes Company, have made with the railways an agreement whereby the ships of these companies move traffic into Newfoundland on Through Bills of Lading. The consideration for this is, of course, that the railways act as feeders to these lines. The result, however, is that a ratio of rates is maintained that is neither rail nor water. It is higher than the latter, and a little less than the former. During the winter season when water competition from British flag ships no longer exists, traffic moves by way of the Associated Lines to Halifax and St. John's at the agreed rate. There is a division of rates as between the steamship operators and the railways. While this, no doubt, is mutually satisfactory to both carriers, it has the effect of maintaining a rate on goods to Newfoundland which is monopolistic. It is a noteworthy fact that the British registered ships operated by Constantine and Great Lakes Steamships are not parties to this agreement. It is also a noteworthy fact that they do not share in the participation of traffic, enjoyed by the Associated Lines.

Annexed to this submission as Exhibit II is a list of the various companies operating regular service to and from Newfoundland, together with the names of the ships, their registry, their tonnage, and the volume of cargo lifted both inwards and outwards, to and from Mainland Canadian Ports.

In addition to these regular steamship services, Newfoundland firms charter British ships for use in coastal trade. Chimo Shipping Limited carried in 1954 to Goose Airport and Installations in Hudson Bay 13,126 tons of cargo from Montreal on two British ships, the Ardglen and the Woodcock. This firm also used eight Canadian ships in carrying 5,654 tons of cargo to Newfoundland, Labrador, and Ungava. The Canadian ships were found to be much more expensive since not a suitable capacity, carrying on the average not over 375 tons at a daily rate of about three hundred dollars while British ships were available with a cargo capacity of 1,100 tons at cost per day of five hundred and fifty dollars. This company estimates that a Canadian small ship costs per day per ton carried, one dollar, while a British small, ocean type costs fifty cents per day per ton and a Canadian Laker about two dollars per ton when carried outside the River.

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PART SEVEN

FREIGHT MOVED INTO NEWFOUNDLAND

According to the submission of the Government of the Province of Newfoundland to the Royal Commission on Transportation in 1949, it appears as if the total importation into Newfoundland in 1948 from all sources was in the vicinity of 1,221,737 tons. The breakdown of this volume was as follows:

<u>Total Tonnage</u>	1,221,737 tons
Less: Bulk Cargoes	
Coal	579,000
Oil and Gasoline	232,300
Salt	60,300
Timber	29,500
Cement	26,600
Sulphur	11,400
Molasses	3,570
Rum	1,185
	<u>953,755 tons</u>
	277,982 tons
Less:	
European (Approx.)	<u>17,500 tons</u>
	260,482 tons
GOODS FROM CANADA AND U.S.A.	
Handled through North Sydney and Port aux Basques by Newfoundland Railway	65,727 tons
Handled Otherwise	<u>194,755 tons</u>
	<u>260,482 tons</u>

Since Confederation and as a result thereof, a remarkable change has taken place in relation to Newfoundland's trade. Whereas in 1948 the total importations into Newfoundland from all sources were 1.2 million tons, in 1953 Newfoundland imported from Mainland Canada alone, approximately one million tons of cargo.

Tonnage figures for importations from United States, United Kingdom, and other foreign countries are not available to show the total volume of imports into Newfoundland at the present time. However, the statistics which we have, establish, that not only has the volume of imports into Newfoundland increased, but that Canada has become our principal source of supply. According to the Dominion Bureau of Statistics, exports to Mainland Canada from Newfoundland in 1952 aggregated 1,133,185 tons; and in 1953 the volume of exports to the same market was 1,354,728 tons. All of this traffic was moved, at least in part, by water. Of the total of

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1,000,000 tons of cargo unloaded in Newfoundland in 1953 from Canada, only 123,000 tons were moved by rail through the North Sydney-Port aux Basques gateway. To this of course must be added express traffic which aggregated in 1954, 10,000 tons.

PART EIGHT

FREIGHT RATES AND THEIR IMPACT UPON THE
ECONOMY OF THE PROVINCE

The importance to Newfoundland of having available ships of British registry is reflected by an analysis of the freight rate structure applicable to traffic movement both into and out of the Province. The tariffs and tolls applicable to the movement of this trade are specified in the railway tariffs published by the Railway companies.

Annexed to this submission as Exhibit I is a statement showing the various rates applicable to package freight moved into this Province by rail. This exhibit shows the published tariffs in three specific categories:

1. The normal all-rail rate.
2. The rail and water rate which is flagged as competitive.
3. The all-water rate.

It will be observed from an examination of this Exhibit that a considerable differential exists between the normal all-rail rate and the all-water rate. These rates are in effect on traffic moving from points west of Montreal to St. John's and Corner Brook. The all-water rates indicate the tariffs imposed by British flag ships on traffic moving over this route. The all-rail rate is the normal rate charged by the railways in relation to traffic where no competitive factors enter in. The competitive rail and water rate is a rate impelled by water competition, and is put into effect by the railways to meet water competition during the open season of navigation. The all-water rate, on the other hand, is that charged by British registered vessels, operating over the route.

Class I shows a normal railway freight charge of \$4.20 per one hundred pounds. With the shipping season open, this rail rate is reduced to meet water competition to \$3.33 per one hundred pounds. The all-water rate charged by the British flag vessels is \$3.24 per one hundred pounds. As stated above, these rates apply from points west of Montreal on the Lakes, and are valid to St. John's and Corner Brook. Grand Falls does not enjoy the benefit of this rate as there is no direct water competition from Great Lakes Ports to that area.

Thus it can be seen that because Newfoundland enjoys the service provided by British ships, the railways are obliged to reduce their normal rates applicable in winter to the more reasonable summer level. It might be suggested that even if British ships were excluded from this trade, the result would be the same, since the railways would still be faced with water competition. This is not so, however, for two reasons:

1. The only direct steamship service between Great Lakes Ports and Newfoundland is provided by British registered ships.

2. The companies utilizing Canadian ships are members of the Associated Steamship Conference Lines, and as a result, the rates charged by these vessels are approximately the same as the rail rate from Montreal to Maritime Ports and Newfoundland.

While it is true that there is a slight differential between the port to port rate from Montreal and the all-rail rate, this differential would probably disappear entirely if British ships were excluded from the St. Lawrence and the Lakes.

It is an established fact that the cost of operation of a Canadian ship is much higher than that of a comparable vessel of British registry. This is established by the figures published in the Report of the Canadian Maritime Commission, issued on June 29, 1953. This Report indicates daily operating cost of a ten thousand ton, dead weight, standard war built vessel, ocean type, excluding fuel and depreciation, at \$816; whereas the cost of operating a similar United Kingdom vessel daily is \$543.50.

Newfoundland is an island and is situated on Canada's extreme Eastern perimeter. Rail transportation costs to the island are high since many transfers and handlings are involved in the movement. This is notably so on traffic moved through North Sydney and Port aux Basques. In the case of traffic so moved, there is a break at North Sydney, involving discharge from a rail car to the shed platform and loading from the shed platform to the water carrier, a discharge operation at Port aux Basques and a reloading onto Railway cars. Because of this feature, there is a high incidence of breakage and shortage. The feature involved in the movement itself is substantial. This feature will be testified to by witnesses who will appear before the Royal Commission.

When Newfoundland entered into Confederation, there was written into the Terms of Union a provision known as Term 32. This Term provided inter alia that Newfoundland would enjoy the same freight rate structure as obtained in the Maritime Mainland region. This Term also provided that the movement of traffic through North Sydney and Port aux Basques was to be considered an all-rail movement. Since Confederation there has been a consistent up-grading of rail rates. These increases have been largely by means of horizontal increases. The over-all percentage of increases since April 1, 1949 in the rail rate structure from Upper Canadian points to Newfoundland is at least one hundred and forty per cent. Because of Newfoundland's geographical position, the Island's economy and the standard of living of its people are extremely sensitive to transportation costs.

The only possible relief to Newfoundland from the impact of horizontal rail rate increases is by the maintenance of competitive water shipping from the Great Lakes and Montreal to the Province. Without water competition, the burden of freight rates would kill all prospects of developing the economy of Newfoundland. It

already has resulted in the highest standard of cost of living in Canada.

So long as British registered vessels are permitted to operate, a competitive feature enters into the transportation problem in favor of Newfoundland. If and when these vessels are withdrawn from the route, the Province will be subject to a noncompetitive freight rate structure. If the rate charged by Canadian flag ships is related to the all-rail rate and this is done pursuant to binding agreements, then the Province will be subject to a monopolistic combine of both rail and water carriers which can only result in serious detriment to the economy of Newfoundland.

Before Confederation Newfoundland purchased its requirements to a great extent from United States and United Kingdom markets. Canada's protective tariff has now almost cut off these sources of supply. The Province constitutes a new market for Canadian manufacturers and agricultural products. In fact, Newfoundland is the third most important outside market. The Newfoundland Board of Trade has summed up the position in the following words: "It is clearly fatal to our future, if we are not only to be forced by higher tariffs to draw our supplies from Central Canada, but to be faced as well by steadily mounting costs of transporting them from thence to this Island, removed from supplying markets by a two-gauge rail system broken for one hundred miles by the Atlantic Ocean." Exhibit I in the Appendix, already referred to, shows the effect of water competition by British registered vessels upon the normal rail rate structure. Statement No. 3 of this Exhibit shows certain commodity rates applicable on movement from Central Canadian origins to St. John's and Corner Brook. In 1955 the normal all-rail rate on automobiles is \$4.20 per hundred pounds, while the all-water rate is \$3.85. The differential is accordingly 35 cents. So too on normal class movements, the differential from Toronto to St. John's between the normal all-rail and all-water is 96 cents per hundred pounds. At the same time the differential between the competitive, all-rail and rail-water and the all-water rate is 9 cents. It is clear from a study of this Exhibit that by the use of British ships a rail freight rate structure is maintained lower than would normally be in effect if the competition were excluded.

It is a fact that West-bound traffic into the River and Lakes from Newfoundland is light. This has an adverse effect upon the rates which carriers must charge for East-bound movements. If and when Newfoundland is in a position to sell her products in the Canadian market, this situation will cure itself. This condition, however, can only be attained if the economy of Newfoundland develops and is strengthened. This development and strengthening can only come if transportation costs both ways are kept at a minimum.

PART NINE

EFFECT ON SPECIFIC INDUSTRIES

Industry will be represented before the Royal Commission by specific witnesses who will speak on behalf of their respective interests. We enumerate herewith various heads of industrial activity together with an outline of prospective proof which will be advanced before the Commission in due course.

(a) Fish and Fish Products

The exclusive jurisdiction governing the administration of the Fisheries of Newfoundland is vested in the Department of Fisheries at Ottawa.

The Fishing Industry falls mainly into two parts: the production and sale of Salt Codfish and the production, processing, and sale of fresh fish. All other branches of the fisheries are subsidiary and of more or less importance.

The exclusive authority for the marketing and sale of Salt Codfish is vested in a statutory body known as the Newfoundland Associated Fish Exporters, Limited. This Organization is charged with the responsibility of marketing outside of Canada the total production of Newfoundland Salt Codfish. The average production of Salt Codfish over the last seven years has been 864,000 quintals yearly with an average C.I.F. value of around \$14,500,000 when marketed.

In addition to marketing, Newfoundland Associated Fish Exporters, Limited are required to arrange for the shipment of Salt Codfish production to the various markets. This movement can be divided roughly into two compartments:

- (1) That which moves directly from Newfoundland shipping points by direct carriers to foreign destinations; and
- (2) That which is moved from Newfoundland ports via Halifax and New York for trans-shipment or on-carriage to discharging points.

Shipments in the latter category last year had a value of approximately eight million dollars and by far the greater portion of this movement is trans-shipped at Halifax. The tonnage involved is approximately twenty-five thousand long tons. To a large extent, shipments of this product from different ports in Newfoundland to Halifax is made by British registered vessels. This is notably so, in relation to movements from St. John's which are taken care of largely by Furness Withy and Company, Limited and Furness Red Cross Lines. Witnesses will appear before the Commission on behalf of Newfoundland Associated Fish Exporters Limited who will testify that should British registered vessels be banned from this trade there would result an interruption in selling which would have a disastrous effect upon the economy of the Salt Codfish Industry. This would extend to primary producers and could very well create a situation from which the Industry would have great difficulty in recovering.

Should such a situation develop, the Selling Organization, known as NAFEL would be obliged to re-orient its method of shipment. This would involve the substitution of a new policy of direct shipment which would not be affected by the restriction to Canadian flag vessels. This policy could result in the loss to Canadian flag ships of the revenue presently derived from such movements. Further, it must be urged that a certain portion of this movement of Salt Codfish production is routed through New York. This traffic is lifted exclusively in British bottoms which vessels operate on a regular schedule, New York, Halifax, and St. John's. If these vessels are precluded from calling at ports in Newfoundland and at Halifax, they will probably discontinue the service. This would result in the loss of business which is presently done through New York. Because of the ramifications of the Salt Codfish Industry and its importance to the general economy of the Province, it will be urged by Newfoundland Associated Fish Exporters, Limited that any restriction adversely affecting the Salt Codfish Industry could have a far reaching effect upon the general economy of the Province. The Organization will, therefore, oppose any change adversely affecting the marketing position of Salt Codfish production.

The total production of fresh frozen fish in Newfoundland last year was 160,000,000 pounds. Of this volume after processing 53.1 million pounds was exported with an export value of \$12,458,000.

Newfoundland's fresh fish production is marketed largely in the United States of America. A limited quantity is sold in the Canadian markets. The entire production is moved by water chiefly into the Great Lakes and some to the Mainland of the United States. Witnesses will appear in due course before the Royal Commission to deal with this branch of the Fishing Industry. They will establish that the marketing of fresh fish products in Canada and the United States is subject to highly competitive factors. The industry will be shown to be marginal and that any factor resulting in increased landed cost of the finished product could be very serious to the industry.

There is presently invested in Newfoundland in Fixed Assets in the fresh and frozen fish industry \$17,370,000. Much of this capital is guaranteed by the Provincial Government, consequently, the Government of the Province is deeply concerned with the fate of this industry. The Government, therefore, will oppose most strenuously any attempt to restrict freedom of shipping which may result in increased costs to our exporters and a less competitive position in the market.

(b) Pulp and Paper Products

Two great companies operate the Pulp and Paper Industry in Newfoundland. One, Bowater's Newfoundland Pulp and Paper Mills, Limited, has its mill and its center of activity at Corner Brook. The other, Anglo-Newfoundland Development Company, Limited, is located at Grand Falls. The Bowater's Mill is at tidal water, consequently, seaborne trade is a vital factor in the economy of this operation. The Grand

Falls Mill is situated inland and because of this fact has not had, up to now, the benefit of seaborne facilities for its traffic. As a result, it has had and continues to pay normal rail rates on all its traffic movements into Newfoundland.

Bowater's advise that the very existence of their company depends upon seaborne trade. They also advise that they are directly and seriously concerned with any change that may be made in the Coastal Shipping Laws of Canada. The company submits that it must be permitted to retain full freedom of action in the field of shipping. Any restriction could have serious results on its operation. The annual waterborne trade of this company amounts to approximately the following tonnages:

a) Exports from Newfoundland

i) Pulp and Paper

To the U.S. Atlantic and Gulf seaboards	230,000 tons
To the Great Lakes	50,000 tons
To Great Britain	60,000 tons
To South Africa, Australia, etc.	<u>10,000 tons</u>
	350,000 tons

ii) Pulpwood

To Great Britain	<u>200,000 tons</u>
	550,000 tons

b) Imports to Newfoundland

Oil, from South America	90,000 tons
Sulphur, from Texas	11,000 tons
Chemicals, from St. Lawrence Ports and/or Great Britain	2,000 tons
Wrappers from St. Lawrence Ports	4,500 tons
Coal, from the Great Lakes	20,000 tons
General, from Canadian and U.S. Ports	<u>4,500 tons</u>
	132,000 tons

c) Coastwise in Newfoundland

Pulpwood	450,000 tons
General	<u>5,000 tons</u>
	455,000 tons

Thus well over one million tons of commodities move by sea annually and in an average year the ocean freight bill involved may amount to some seven million dollars.

The Canadian shipping industry presently handles nearly one half of this tonnage with the balance divided between British and Scandinavian ships. The policy of the Company is, and always must be, to find the most economical method of delivery for each particular trade.

The Canadian paper industry as a whole is gravely concerned at the steadily increasing trend of costs, while at the same time it can see the rapidly-growing competitor industry in the United States

enjoying an advantage in costs of many dollars per tons. A large part of this advantage is due to lower transportation costs both for raw materials and for deliveries. Any trend to weaken still further its competitive position must be deplored.

A control over the Coastal Shipping Trade, whether for Canada alone, or for Canada and the U.S. in conjunction, would lead to inflexibility, and so to higher costs both for imports and for delivery of the finished product. The industry in Newfoundland is particularly vulnerable, and must be able to link ocean trade into a co-ordinated movement to obtain the lowest overall cost.

(c) Mines and Minerals

The movement of mineral ores from Newfoundland to Mainland Canada is limited to iron ore from Bell Island, fluorspar from St. Lawrence, and limestone from Port au Port. The balance of our ores move to foreign markets in Europe and the United States.

Iron Ore:

The movement of iron ore consists exclusively of shipments from Bell Island to Sydney, Cape Breton. In 1953, the total movement in this category was 602,565 tons. This connage is moved by Company owned ships which are registered in Canada.

Fluorspar:

Fluorspar mining is carried on at St. Lawrence on the South Coast of Newfoundland. Newfoundland Fluorspar, Limited, a subsidiary of Aluminium Company of Canada, ships its production to Port Alfred, Quebec. In 1954, this Company shipped 60,000 tons of fluorspar to Port Alfred, mainly by British registered ships, although two Canadian vessels were also used in this service. In 1955 about 85 per cent of their ore will be shipped in British flag freighters. Newfoundland Fluorspar's operation is economically marginal, competition with spar from other countries is extremely severe so that profit is small. The Company can continue mining only because of its proximity to the Quebec market and a bearable freight rate. Any change in our Coastal Shipping Laws prohibiting British registered vessels from our coastal trade resulting in higher freight rates on fluorspar would probably leave Newfoundland Fluorspar, Limited, in a noncompetitive position and dictate a shutdown of their mine. Since this Company employs two hundred and fifty persons on a year round basis and spends annually in Newfoundland \$1,300,000 for goods and services, such a shutdown would adversely affect the whole Provincial economy.

Limestone:

There is a substantial movement of this product from Aguathuna, Newfoundland to Sydney, Cape Breton.

Cement:

In 1954, North Star Cement, Limited, transported by water a total of 23,650 tons of cement from Corner Brook, Newfoundland to the Maritimes and Great Lakes Ports. In addition, a comparatively small quantity was moved via Canadian National Railways to Canadian Mainland points.

Transportation costs are a vital factor in the successful marketing of cement from Newfoundland in the Canadian Mainland markets. North Star Cement Company, Limited, of Corner Brook has been using British bottoms to a substantial extent in moving this product. Because of the favourable freight rates which are available to the Company, due to this fact, the Company is able to function. If these vessels are eliminated from the trade it will be impossible to market cement in the River and Lake Ports.

The preponderance of traffic between Newfoundland and Canada is Eastbound. The movement of cement Westbound from Corner Brook offers an opportunity of Westbound traffic to vessels operating out of the Great Lakes to Newfoundland. This reflects itself in the operating costs of these vessels and permits a more favourable schedule of rates being imposed than would otherwise be obtained.

Gypsum:

Atlantic Gypsum, Limited, operates a gypsum, plaster, and wallboard plant at Humbermouth, Newfoundland. This plant has a productive capacity of fifty thousand tons of various gypsum boards per annum and fifteen thousand tons of various gypsum plasters. To produce to capacity, Atlantic Gypsum is required to import from the Mainland specifically from Ontario and Quebec, the following raw materials:

Wallboard paper	6,000 tons
Various chemicals and glue	800 tons

Of the total production of sixty-five thousand tons per annum, the domestic market in Newfoundland absorbs approximately fifty-six hundred tons. The balance must be shipped to Mainland markets particularly Quebec, Montreal, Toronto, and Hamilton. The marketing in these areas is highly competitive, thus Atlantic Gypsum has to meet competition at prices established by Mainland companies. Since gypsum and building materials are sold at established prices, delivered to the customer, the manufacturer absorbs all transportation costs. At present the transportation costs represent forty-four per cent of the established selling price.

This Company absorbs transportation costs on raw materials brought in from the Mainland. It also meets all losses and damages resulting to raw materials coming in, and to manufactured goods going out during their transportation. These losses now aggregate five per cent of the total cost. Thus, it follows that the Company is extremely sensitive to transportation costs and movement by water is the only practical way by which to import its raw materials and export its merchandise.

The Company utilizes on a time-chartered and voyage basis vessels of Canadian and British registry. The comparative difference in cost to the plant is forty per cent in favour of the British bottoms. The Company presently employs two hundred and twenty people. It has a payroll of five hundred thousand dollars per annum and it purchases from Newfoundland firms to hundred and fifty thousand dollars worth of materials. If the Company is compelled to use Canadian flag vessels exclusively to move their production, they must close down.

Hardboards Products:

Atlantic Hardboards, Limited, operates a plant at Donovan's for the manufacturing of diversified wood products. Its manufactures consist chiefly of wallboard, veneered overlay, furniture, corestock, and other wood products. The plant of the Company is located on the railway line about nine miles from St. John's. It does, as a result, avail of railway facilities largely for the shipment of its products. The Company advises that it is concerned primarily with any change in the Coastal Shipping Laws which would affect the Canadian National Railways' freight rates. The Company ships annually via railway to the Mainland approximately 4,000 tons, at a freight rate cost of \$75,000. This represents approximately 20 per cent of the landed cost of the goods in Ontario points. The Company presently enjoys a special commodity rate. Any increase in the present rate would seriously affect the competitive position of the Company.

The Company moves into the Province from Canadian points approximately 900 tons of traffic at an aggregate cost of \$22,000. This inward freight is being carried by British flag ships solely because the rates offered are considerably below the tariff charged by competing agencies.

The position of the Company in relation to Mainland competitors is sensitive and marginal. Any increase in transportation costs would have a serious effect upon the Company's operations.

Witnesses will be produced before the Commission who will elaborate in detail upon the importance to the Company of the continuance of the status quo in shipping facilities.

Sundry Industries:

(a) Newfoundland Tanneries, located at Carbonear is engaged in the manufacture of finished leathers. This Company depends largely upon the Canadian Mainland market for the sale of its products. Because of the distance to the marketing centres, it is seriously concerned with transportation costs involved in the movement of raw materials and chemicals to the plant, as well as the shipping cost of the finished goods to market. The Company moves exclusively by water in carload quantities the following volume:

Inward from the Canadian Mainland in Carload Quantities:

Raw-Hides	300 tons
Chemicals	30 tons

Outward to the Mainland:

Finished Leathers	100 tons
-------------------	----------

(b) There are various other Industries that have been established within recent years largely with the assistance of the Provincial Government - all of which are concerned with the marketing of their products in the Canadian Mainland region. The success or failure of these Industries will depend entirely upon their ability to lay down their products in the Mainland market at a cost competitive with the cost of similar products by Mainland firms in the same area. All of them without

exception are accordingly vitally concerned with any circumstances that may result in increased transportation costs. To this end, they support unqualifiedly the right to continue the use of British registered vessels in the Canadian intercoastal trade between Newfoundland and Mainland Ports.

General:

Importers, Manufacturers' Agents, and Wholesalers:

The Newfoundland Board of Trade represents the foregoing group. At the hearings before the Royal Commission, witnesses from that organization, representing the various branches of the Trade will advance evidence. Without exception they will endorse this submission favouring the continuance of British registered vessels in the inter-coastal trade of Canada.

They will point out that any increase in transportation costs will add to the selling price of the goods which they import and distribute to the consumer in Newfoundland. This will result in increasing the cost of living to the Newfoundland consumer, which at the present time is higher than in any other part of Canada.

A.E. Hickman and Company, Limited, one of the largest importers and wholesalers in Newfoundland, reports that in 1954 they brought into this Province 9,450 tons of goods under the following headings:

Flour and Feeds	5,000 tons
Automotive Supplies	500 tons
Automobiles and Trucks	900 units (1,500 tons)
Paints, Roofing and Hardware	2,000 tons
Appliances	50 tons
Engineer and Industrial Equipment	150 tons
Miscellaneous (packaged)	250 tons
Bulk	Nil
TOTAL	<u>9,450 tons</u>

More than eighty per cent of the above total is moved during the period that the St. Lawrence is opened to water traffic. During the winter months the bulk of this traffic is routed through Halifax and carried by steamers operated by the private steamship owners.

Where they control the movement, as they do in the main, their shipments are routed by steamers and for the following good reasons:

1. Estimated time of shipment from Montreal by steamer, five days - by rail three to four weeks.
2. From points of origin west of Montreal, eight to ten days as compared with four to five weeks by rail.
3. Deliveries by rail are most unsatisfactory - breakage is considerable due to excessive handling and shortages are most prevalent and annoying.
4. Where shipments can be made by water, they refuse to ship by rail.

The figures listed include imports for Corner Brook as well as for St. John's.

This Company, as well as the other large importers, prefers to have goods delivered by water and by using British flag ships, they are able to deliver goods to their customers at a lower price than otherwise would be possible.

Annexed hereto as Exhibit (3) is a statement showing cargoes of certain commodities unloaded at Newfoundland Ports where there is a collector of Customs and Excise for the year ending December 31, 1953. This includes a figure of 326,000 of an intra-Provincial movement. By deducting this from the total we find an overall movement approximately of one million tons from Mainland Canada into Newfoundland.

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C O N C L U S I O NPART TEN

Thus we conclude:

1. Newfoundland, being an Island is dependent absolutely upon water transportation for the movement of her traffic, both to and from Mainland Ports;
2. Newfoundland must import the necessities of life, and because of this fact, the costs of transportation reflect directly upon the cost of living of the people;
3. The consumable goods required by Newfoundland, and purchased from Canada have an over-all value of \$150,000,000 per annum, thus Newfoundland is a very important market for Canadian goods;
4. The balance of trade between Newfoundland and Canada is disproportionate, whereas Newfoundland is Canada's third best outside market, Canada purchases a very small percentage of Newfoundland's production;
5. The development of Newfoundland's economy is conditioned upon her being able to dispose of a substantial volume of her production in Canadian markets. This can only be made possible if transportation costs are maintained at a minimum level;
6. Newfoundland industries, the products of which find a market on the Canadian Mainland are marginal. The possibility of placing goods in these markets in competition with Mainland firms depends entirely upon transportation costs;
7. All representations made on behalf of industry have indicated the necessity for maintaining transportation costs at minimum levels;
8. British Registered Ships offer cheaper means of transportation to Newfoundland, to and from Canadian ports;
9. British Registered Ships are essential and necessary to the economy of this Province because of the fact that:
 - (a) They provide trans-Atlantic service;
 - (b) Inter-Coastal trans-shipment services;
 - (c) Direct water transportation facilities with River and Lake Ports;
 - (d) Passenger service;
 - (e) A lower freight rate structure represented by the all-water rate;
10. British Registered Ships are the compelling factor in reducing the normal all-rail rate at the same time;
11. British Registered Ships operate on the free shipping market, and are not subject to monopolistic agreements establishing artificial rates;
12. For each and all of the above reasons, the Government of Newfoundland opposes any change in the Shipping Laws of Canada relative to Coastal Shipping whereby the use of British Registered Vessels is restricted or curtailed.

Respectfully submitted,

P.J. LEWIS

of Counsel for the Province
of Newfoundland

STATEMENT COMPARING NORMAL, ALL RAIL AND
COMPETITIVE, ALL RAIL AND RAIL/WATER ALSO ALL
WATER CLASS RATES AND DIFFERENTIALS FROM ILLU-
STRATIVE CANADIAN ORIGINS TO ST. JOHN'S,
NEWFOUNDLAND

(Rates in cents per 100 lbs.)

TO ST. JOHN'S, NEWFOUNDLAND

Classification 1954	1	2	3	4	5	6
Classification 1955	100	25	72	55	45	40

From Toronto, Ont.
1954

Normal All Rail	o	380	332	290	241	192	180
Competitive, All Rail and Rail/Water	#	272	238	214	174	139	129
All Water	φ	245	210	185	165	133	124
Differential (Summer)		27	28	29	9	6	5

1955							
Normal All Rail	o	420	357	294	231	189	168
Competitive, All Rail and Rail/Water	#	333	283	233	183	150	133
All Water	φ	324	275	226	177	145	130
Differential (Summer)		9	8	7	6	5	3

From Hamilton, Ont.

1954							
Normal All Rail	o	388	339	292	246	196	184
Competitive, All Rail and Rail/Water	#	280	245	216	179	143	133
All Water	φ	245	210	185	170	137	128
Differential (Summer)		35	35	31	9	6	5

1955							
Normal All Rail	o	429	365	300	236	193	172
Competitive, All Rail and Rail/Water	#	342	291	239	188	154	137
All Water	φ	333	283	232	182	149	134
Differential (Summer)		9	8	7	6	5	3

For explanation of reference marks see Page 3.

TO ST. JOHN'S, NEWFOUNDLAND

	1	2	3	4	5	6
1954	1	2	3	4	5	6
1955	1	2	3	4	5	6

From London, Ont.

1954

Normal All Rail	o	417	364	315	262	209	196
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Competitive, All Rail and Rail/Water	#	309	270	239	195	156	145
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All Water	o	280	245	215	185	156	145
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Differential (Summer)		29	25	24	10	-	-
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1955

Normal All Rail	o	456	388	319	251	205	182
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Competitive, All Rail and Rail/Water	#	378	321	265	208	170	151
--------------------------------------	---	-----	-----	-----	-----	-----	-----

All Water	o	378	321	265	208	170	151
-----------	---	-----	-----	-----	-----	-----	-----

Differential (Summer)		-	-	-	-	-	-
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From Windsor, Ont.

1954

Normal All Rail	o	430	372	304	243	216	195
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Competitive, All Rail and Rail/Water	#	322	285	248	206	163	154
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All Water	o	311	274	240	202	157	140
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Differential (Summer)		12	9	8	7	6	5
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1955

Normal All Rail	o	511	418	351	275	225	197
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Competitive, All Rail and Rail/Water	#	413	351	289	227	186	165
--------------------------------------	---	-----	-----	-----	-----	-----	-----

All Water	o	413	351	289	227	186	165
-----------	---	-----	-----	-----	-----	-----	-----

Differential (Summer)		9	6	7	6	5	3
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Note: 1954 -- Competitive, All Rail, Rail/Water Class Rates effective from April 12, 1954 to November 30, 1954

-- All Water Class Rates effective from April 15, 1954 to last sailing November, 1954.

1955 -- Competitive, All Rail, Rail Water Class Rates effective from April 15, 1955 to November 30, 1955 unless sooner cancelled, changed or extended.

-- All Water Class Rates effective from April 15, 1955 to last sailing November, 1955.

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STATEMENT COMPARING NORMAL, ALL RAIL AND COMPETITIVE, ALL RAIL,
RAIL/WATER AND ALL WATER COMMODITY RATES ON CANNED GOODS FROM
CENTRAL CANADIAN ORIGINS TO ST. JOHN'S, NEWFOUNDLAND

(Rates in cents per 100 lbs.)

TO ST. JOHN'S, 1954-55											
	R A T E S				All Water				Differential (Summer)		
	Normal All Rail	Competitive, All Water and Rail/Water	50,000	30,000	50,000	30,000	50,000	30,000			
Central Canada	1954	1955	1954	1955	1954	1955	1954	1955	1954	1955	
Toronto, Ont.	154	151	180	168	111	129	107	-	124	123	
					110	133	108	130	145	144	
Windsor, Ont.	157	154	184	172	114	133	110	-	128	127	
					113	137	111	134	149	148	
London, Ont.	157	164	196	182	125	145	-	-	-	-	
					125	151	-	-	-	-	
Windsor, Ont.	173	180	205	200	130	154	126	-	149	148	
					136	165	134	162	181	180	

Normal All Rail effective on close of navigation.

1954-Effective April 12, 1954 to November 30, 1954 Inclusive.

1955 - Effective April 15, 1955 to expire with November 30, 1955 unless sooner cancelled, changed or extended.

Effective May 2, 1955 to expire with November 30, 1955 unless sooner cancelled, changed or extended.

1954 - Effective from April 27, 1954 to November 20, 1954.
1955 - Effective from May 20, 1955 to November 26, 1955 unless sooner cancelled,
changed or extended.

The Maritime Transportation Commission
May 30, 1955.

STATEMENT OF CARRIAGE CHARGES ON CARRIED GOODS FROM ILLUSTRATIVE
CARRIAGE CHARGES ON CARRIED GOODS FROM ILLUSTRATIVE
CARRIAGE CHARGES ON CARRIED GOODS FROM ILLUSTRATIVE
(rates in cents per 100 lbs.)

To:	ARBITRARIES (Carriage)									
	St. John's, Nfld.					St. John's, Nfld.				
Carload Minimum: 100 lbs.	St. John's, Nfld.					St. John's, Nfld.				
	St. John's, Nfld.					St. John's, Nfld.				
Toronto, Ont.	1954	154	120	111	129	99	118	94	109	12
	1955	151	165	106	133	103	118	100	111	7
Hamilton, Ont.	1954	157	184	114	133	103	121	87	114	11
	1955	154	172	113	137	106	118	103	114	7
London, Ont.	1954	167	196	125	145	114	134	107	129	11
	1955	164	182	125	151	116	129	113	125	9
Windsor, Ont.	1954	173	205	130	154	120	142	114	124	10
	1955	160	200	130	165	132	147	129	143	4

For explanation of reference marks see page 2.

NOTE: a Normal, All Rail effective on close of navigation season.

1954-Effective from April 12, 1954 to November 30, 1954 Inclusive.
1955-Effective from April 15, 1955 to November 30, 1955 Inclusive,
unless sooner cancelled, changed or extended.

6 Effective from April 12, 1955 to expire with November 30, 1955 unless
sooner cancelled, changed or extended.

The following Transportation Commission
July 11, 1955.

STATEMENT COMPARING L.C.L. (Minimum 5,000 LBS.) AND C. L. (Minimum 10,000 LBS.) FREIGHT RATES ON AUTOMOBILES, PASSENGER AND FREIGHT, SET UP FROM CENTRAL CANADIAN RAILWAYS TO ST. JOHN'S, N.F.

(Rates in cents per 100 lbs.)

A. Automobiles, Passenger or Freight, Set Up.

L.C.L. (Minimum Weight 5,000 lbs.)

FROM:		Normal All Rail	All Water	Differential
		¢	¢	
Toronto, Ont.	1954	346	310	35
	1955	400	365	35
Hamilton, Ont.	1954	346	310	35
	1955	400	365	35
Windsor, Ont.	1954	430	395	35
	1955	501	465	35

B. Automobiles, Passenger, Set Up

C. L. (Minimum Weight 10,000 lbs.)

		Normal All Rail	Competitive All Rail & Water	All Water	Differential
		¢	¢	¢	
Toronto, Ont.	1954	346	-	310	35
	1955	400	370	365	35
Hamilton, Ont.	1954	346	-	310	35
	1955	400	370	365	35
Windsor, Ont.	1954	430	-	395	35
	1955	501	461	465	35

For explanation of reference marks see Page 2.

C. Automobiles, Trucks, Set Up.

C.L. (Minimum Weight, 10,000 Lbs.)

		Normal All Rail @	Competitive All Rail & Rail & Water /	All Water #	Differ- ential
Toronto, Ont.	1954	332	-	297	35
	1955	357	336	301	35
Hamilton, Ont.	1954	339	-	304	35
	1955	365	343	308	35
Windsor, Ont.	1954	372	-	344	35
	1955	426	401	366	35

NOTE:

- o Less than carloads -- Applicable year round.
Carloads -- Applicable on close of navigation season.

- / All Rail--Effective April 4, 1955. Applicable on year round basis.
Rail and Water--Effective April 18, 1955 to expire with November 30, 1955, unless sooner cancelled, changed or extended.

- # All Water -- Effective May 20, 1955 to expire with November 26, 1955, unless sooner cancelled, changed or extended.

The National Transportation Commission
May 3, 1955.

TO ST. JOHN'S, NEWFOUNDLAND

A. CARLOIDS

THE UNIVERSITY OF CHICAGO

The Maritimes Transportation Commission
May 30, 1955

STATEMENT COMPARING NORMAL, ALL RAIL AND COMPETITIVE, ALL RAIL AND RAIL/WATER ALSO ALL WATER CLASS RATES AND DIFFERENTIALS FROM ILLUSTRATIVE CENTRAL CANADIAN ORIGINS TO CORNER BROOK, NEWFOUNDLAND

TO CORNER BROOK, NEWFOUNDLAND

Classification 1954	1	2	3	4	5	6
Classification 1955	100	15	70	55	15	40

From Toronto, Ont.

1954						
Normal, All Rail ϕ	306	266	233	193	153	144
Competitive, All Rail and Rail/Water $\frac{H}{H}$	219	191	172	139	111	104
All Water ϕ	209	182	164	132	105	99
Differential (Summer)	10	9	8	7	6	5

1955						
Normal, All Rail ϕ	345	293	242	190	155	138
Competitive, All Rail and Rail/Water $\frac{H}{H}$	267	227	187	147	120	107
All Water ϕ	258	219	180	141	115	104
Differential (Summer)	9	8	7	6	5	3

From Hamilton, Ont.

1954						
Normal, All Rail ϕ	314	274	234	190	150	150
Competitive, All Rail and Rail/Water $\frac{H}{H}$	227	199	173	144	110	110
All Water ϕ	217	190	165	137	110	105
Differential (Summer)	10	9	8	7	6	5

1955						
Normal, All Rail ϕ	354	301	248	195	159	142
Competitive, All Rail and Rail/Water $\frac{H}{H}$	277	235	194	152	125	111
All Water ϕ	268	227	187	146	120	108
Differential (Summer)	9	8	7	6	5	3

From Windsor, Ont.

1954						
Normal, All Rail ϕ	354	314	268	225	178	169
Competitive, All Rail and Rail/Water $\frac{H}{H}$	267	239	207	171	136	129
All Water ϕ	257	230	199	164	130	124
Differential (Summer)	10	9	8	7	6	5

1955						
Normal, All Rail ϕ	426	362	298	234	192	170
Competitive, All Rail and Rail/Water $\frac{H}{H}$	326	277	226	179	147	130
All Water ϕ	317	269	221	173	142	127
Differential (Summer)	9	8	7	6	5	3

For explanation of reference marks see Page 2.

- NOTE: 1954 -- Competitive, All Rail, Rail/Water
Class Rates effective from April 12,
1954 to November 30, 1954.
- All Water Class Rates effective from
April 15, 1954 to last sailing
November, 1954.
- 1955 -- Competitive, All Rail, Rail/Water
Class Rates effective from April 15,
1955 to November 30, 1955 unless
sooner cancelled, changed or extended.
- All Water Class Rates effective from
April 12, 1955 to last sailing November,
1955.

• Applicable on close of navigation.

• Not applicable on Automobiles, Freight or Passenger,
set-up; Fertilizers; Fruits and Vegetables, Fresh
or Green, not cold pack; Salt; Tobacco, unmanufac-
tured and Wall Plaster.

• Not applicable on Automobiles, freight or passenger.
NOTE: All Water Movement (via Lake Freight
Association). Except as specifically provided for,
rates are exclusive of cartage. Carload shipments
forwarded by or consigned to firms at points in the
Province of Ontario whose premises are located on a
railway, the cartage charges will be absorbed,
except on rates which are designated to apply "Ex
cept on rail".

The Maritime Transportation Commission
1954, 1955

STATEMENT COMPARING NORMAL, ALL RAIL AND COMPETITIVE, ALL RAIL,
RAIL/WATER AND ALL WATER COMMODITY RATES OF CARRIED GOODS FROM
CENTRAL CANADIAN ORIGINS TO CORNER BROOK, Nfld.

(Rates in cents per 100 lbs.)

TO:		TO CORNER BROOK, NEWTONDALE AND Differential (Summer)									
		Normal, All Rail	Competitive, All Rail and Rail/Water	#							
CARLOAD MINIMUM:		50,000	30,000	50,000	30,000	50,000	30,000	50,000	30,000	50,000	30,000
Toronto, Ont.	1954	122	144	89	104	84	-	99	-	5	-
	1955	124	138	88 1/2	107	86	104	115	2	3	3
Hamilton, Ont.	1954	126	150	93	110	-	-	105	-	-	-
	1955	127	142	91 1/2	111	89	108	120	2	3	3
Windsor, Ont.	1954	142	169	109	129	104	-	124	5	-	-
	1955	154	170	108 1/2	130	106	127	142	2	3	3

Notes:
 ○ Normal, All Rail, effective at close of navigation.
 # 1954--Effective April 12, 1954 to November 30, 1954 Inclusive.
 1955--Effective April 15, 1955 to expire with November 30, 1955, unless sooner cancelled, changed or extended.
 1/2 Effective May 2, 1955 to expire with November 30, 1955, unless sooner cancelled, changed or extended.
 Ⓜ 1954--Effective from April 27, 1954 to November 20, 1954.
 1955--Effective from May 20, 1955 to November 26, 1955 unless sooner cancelled, changed or extended.

The Maritimes Transportation Commission
May 30, 1955.

STATEMENT COMPARING L.C.L. (MINIMUM, 5,000 LBS.)
AND C.L. (MINIMUM, 10,000 LBS.) FREIGHT RATES ON
AUTOMOBILES, PASSENGER AND FREIGHT, SET UP FROM
CENTRAL CANADIAN ORIGINS TO CORNER BROOK, Nfld.
(Rates in cents per 100 lbs.)

A. Automobiles, Passenger or Freight, Set Up.

L.C.L. (Minimum Weight 5,000 Lbs.)

FROM:	TO: CORNER BROOK, NEWFOUNDLAND		
	Normal All Rail ¢	All Water ¢	Differential
Toronto, Ont. 1954	306	271	35
1955	345	310	35
Hamilton, Ont. 1954	314	279	35
1955	354	319	35
Windsor, Ont. 1954	364	319	35
1955	426	391	35

B. Automobiles, Passenger, Set Up.

C.L. (Minimum Weight 10,000 Lbs.)

	Normal All Rail ¢	Competitive All Rail & Rail/Water ¢	All Water ¢	Differ- ential
Toronto, Ont. 1954	306	-	271	35
1955	345	311	306	35
Hamilton, Ont. 1954	314	-	279	35
1955	354	319	319	35
Windsor, Ont. 1954	364	-	319	35
1955	426	370	391	35

For explanation of reference marks see Page 2.

C. AUTOMOBILES, Freight, Set Up.

C.L. (Minimum 10,000 Lbs.)

		Normal All Rail o	Competitive All Rail & Rail/Water /	All Water #	Differ- ential
Toronto, Ont.	1954	266	-	231	35
	1955	293	276	241	35
London, Ont.	1954	274	-	239	35
	1955	301	273	243	35
Windsor, Ont.	1954	314	-	279	35
	1955	362	341	300	35

NOTE: o. Less than carloads - Applicable year round. / Rail/Water -- Applicable on close of navigation season.

/ All Rail--Effective April 13, 1955. Applicable on year round basis. Rail and Water--Effective April 13, 1955 to expire with November 30, 1955 unless sooner cancelled, changed or extended.

All Water -- Effective May 20, 1955, to expire with November 26, 1955, unless sooner cancelled, changed or extended.

For further information, contact the
Federal Maritime Transportation Commission

STATEMENT COMPARING CARLOAD AND LESS THAN CARLOAD
 FREIGHT RATES ON FIRM AND SPECIAL ARTICLES FROM CENTRAL
 CANADIAN ORIGINS TO CORNER BROOK, Nfld.

(Rates in cents per 100 lbs.)

FROM: TO CORNER BROOK, NEWFOUNDLAND

Normal All Rail	Competitive All Rail & Rail & Water	All Water	Differ- ential (Summer)
6	#	#	

A. CARLOADS

36,000-40,000 lbs. minimum weight

Toronto, Ont.	1954) 129	89	85	4
	1955)			
Hamilton, Ont.	1954) 135	95	91	4
	1955)			
Welland, Ont.	1954) 135	111	107	4
	1955)			
Windsor, Ont.	1954) 152	112	108	4
	1955)			

B. LESS THAN CARLOADS

Toronto, Ont.	1954) 193	139	132	7
	1955) 190	147	141	6
Hamilton, Ont.	1954) 198	144	137	7
	1955) 195	152	146	6
Welland, Ont.	1954) 199	145	138	7
	1955) 205	157	151	6
Windsor, Ont.	1954) 225	171	164	7
	1955) 234	179	173	6

NOTE: o Normal, All Rail -- applicable on close
of navigation.

Applicable during season of open
navigation.

The Maritimes Transportation Commission
 May 30, 1955.

EXHIBIT II

INDEX

Showing Registry, Weight, and Tonnage Carried by
Ships of Regular Steamship Lines, Running Between
Newfoundland and Mainland Canada.

Furness Withy and Company Limited:

S.S. Newfoundland--British Register, Gross Weight 7,437
tons, Net 4,236 tons.

S.S. Nova Scotia--British Register, Gross Weight 7,438
tons, Net 4,241 tons.

Tonnage cargo moved from Halifax to St. John's 1954 --
4,750.

Tonnage cargo moved from St. John's to Halifax 1954 --
6,827.

Furness Red Cross Line:

Fort Avalon--British Register, Gross Weight 3,464 tons,
Net 1,807 tons.

Fort Hamilton--British Register, Gross Weight 1,943
tons, Net 924 tons.

Tonnage cargo moved from Halifax and St. John to
Newfoundland 1954 -- 39,500.

Tonnage cargo moved from Newfoundland to Halifax and
St. John 1954 -- 4,939.

Newfoundland Great Lakes Steamship Company, Limited:

Lunan--British Register, Gross Weight 1,018 tons,
Net 552 tons.

Perth -- British Register, Gross Weight 982 tons,
Net 547 tons.

Dundee--British Register, Gross Weight 1,781 tons,
Net 888 tons.

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Tonnage cargo moved between Newfoundland and Mainland
Canada 1954 -- 46,692.

Tonnage inward approximately ~ 35,000.

Tonnage outward approximately ~ 11,692.

Canadian Constantine Services:

M/V Avonwood--British Register, Gross Weight 1,682,
Net 932 tons.

M/V Teeswood--British Register, Gross Weight 1,245 tons.

Tonnage cargo moved into Newfoundland from Mainland
Canada 1954. 20,575
Tonnage moved outward 2,073
TOTAL 22,648

Clarke Steamship Company, Limited:

S.S. Sheldrake--British Register, Gross Weight 2,002
tons, Net 842 tons.

Tonnage Inward 17,116; Tonnage Outward 629.

Novaport--Canadian Register, Gross Weight, 2828 tons,
Net 1,616 tons.

Gulfport--Canadian Register, Gross Weight, 2,836 tons,
Net 1,635 tons.

Tonnage Inward 1954 - 23,182; Tonnage Outward 1954 - 767.

Total tonnage moved by three Clarke Vessels -

Inward	45,291
Outward	<u>1,226</u>
TOTAL TONS	46,694

Newfoundland-Canada Steamships, Limited:

Belle Isle II -- Canadian Register, Gross Weight 1,529
tons, Net 1,004 tons.

Bedford II--Canadian Register, Gross Weight 1,104 tons,
Net 611 tons.

Tonnage cargo moved into Newfoundland from Mainland
Canada 1954 -- 47,162; Outward - 5,565.

Elbe River Steamships, Limited:

Elbe I--Canadian Register, Gross Weight 512 tons,
Net 217.

Elbe Peter II--Canadian Register, Gross Weight 613
tons, Net 340.

Elbe III--Canadian Register, Gross Weight 690 tons,
Net 404.

Tonnage cargo moved into Newfoundland from Mainland
Canada 1954 116,612.

Tonnage Cargo Inward into Newfoundland from Mainland
Canada in 1954 on C.N.R. and Regular Steamship Lines:
Via C.N.R. Through North Sydney and Port aux

Basques	123,698
C.N.R. Expressage	9,875
Furness Withy	4,269
Furness Red Cross	39,510
Newfoundland Great Lakes	35,000
Canadian Constantine	20,575
Clarke Steamship on Sheldrake	17,116
Clarke Steamship on Canadian Bottoms	28,162
Clarke Steamship on Sheldrake	17,116
Elbe River Steamships	116,612
TOTAL 1954	313,117
Canadian 1954	20,575

Total Tonnage Cargo Moved into Newfoundland from
Mainland Canada in 1954 on British Bottoms. 116,468

Total Tonnage Moved into Newfoundland from Mainland
Canada in 1954 on Canadian Bottoms 93,956

STATEMENT SHOWING CARGONS OF CERTAIN COMMODITIES
 LOADED AT INTERCOLLIERIAL PORTS WHILE THERE IS A
 COLLECTOR OF CUSTOMS & EXCISE FOR THE YEAR ENDING
DECEMBER 31, 1953.

	TONS (2,000 lbs.)
Lumber, Timber, Box, Crate, Cooperage Material	2,938
Bricks, Tiles, Tiles, Pipe, Fittings, Filing	66
Fish Oils	2,478
Fish, fresh, frozen, cured	22,348
Gasoline	1,129
Petroleum Oils and Other Petroleum Products	11,323
Iron Ore	602,565
Other Metallic Ores & Concentrates	23,336
Other Mine Products	6,110
Newsprint Paper	3,019
Paper, other	513
Cardboard, Pulpboard, Wallboard	3,694
Gypsum	5,742
Cement	28,654
Lime & Plaster	1,365
TOTAL	936,326
All other	136,852
GRAND TOTAL	<u>1,123,185</u>

Based on Dominion Bureau of Statistics Returns

Maritimes Transportation Commission
 June 15, 1955

EXHIBIT III

STATEMENT SHOWING CARGOES OF CERTAIN COMMODITIES
UNLOADED AT NEWFOUNDLAND PORTS WHERE THERE IS A
COLLECTOR OF CUSTOMS AND EXCISE FOR THE YEAR ENDING
DECEMBER 31, 1953

COMMODITY	TONS (2,000 lbs.)
Lumber, Timber, Box, Crate, Cooperage Material	21,919
Logs, Posts, Poles, Pitprops, Piling	1,769
Fish Oils	330
Fish, Fresh, Frozen, cured	11,576
Gasoline	35,415
Petroleum Oils and Other Petroleum Products	365,646
Paper, other	3,235
Coal, Bituminous	165,060
Flour, Grain	4,973
Pulpwood, Pulpwood Chips	232,300
Salt	<u>2,217</u>
TOTAL	844,475
All Others	<u>470,742</u>
GRAND TOTAL	<u>1,315,217</u>

Based on Dominion Bureau of Statistics Returns

Maritime Transportation Commission,
June 15, 1955

B.C. TOWBOAT OWNERS' ASSOCIATION

Marine Building
Vancouver, B.C.

June 23rd, 1955

Mr. G.G. McLeod,
Secretary,
Royal Commission on Coasting Trade,
490 Sussex Street,
Ottawa, Ontario

Mr. Chairman and Commissioners,

Members of this Association, which includes some fifty operators of towboats, scows, barges, etc., on the British Columbia coast, have, since the inception of your Commission, given considerable thought to matters which might be placed before you, on an Association basis.

As a result of our discussions two main points which greatly concern our Members have come to the fore. These points can, perhaps, affect our Members more vitally than anything else and, in our opinion, must be considered and adopted as one entity - they must not be taken or acted upon separately. The points we wish to place before your Commission are as follows:

(1) Ownership, control and operation of Canadian registered vessels in the Canadian Coastwise trade.

(2) The importation into Canada of floating equipment.

Therefore, with reference to the above points, we submit as follows:

No 1. Ownership, control and operation of Canadian registered vessels in operation for Canadian coastwise trade.

Whereas citizens of foreign countries may establish companies in Canada, which in turn own Canadian registered vessels for coastwise operations in Canada, these conditions do not apply to Canadian citizens in other countries.

To cite an example -- A United States citizen or company may own a Canadian company, which in turn could own Canadian registered vessels for operation in Canadian Coastwise trade, a Canadian citizen is not allowed by the laws in the United States to own more than 25% of a company which owns vessels which are engaged in the coastwise trade in the United States. Further, although a Canadian citizen may own 25%, he may not be an officer or managing director of that company.

This Association strongly urges that we should have reciprocal arrangements with all foreign countries so that what a foreign citizen may do in Canada, a Canadian citizen should be allowed to do in their country.

A United States citizen or corporation may operate in both countries, whereas a Canadian citizen or corporation may operate only in Canada. Taking into consideration the coast line of the Pacific Coast, it would be advantageous to have bases operating in both the United States and Canada.

In fact, it would be so advantageous for a Canadian to apply for United States citizenship that tugboat operators are actively considering such a step; whereas it would be a distinct disadvantage for a United States citizen, living in Canada, to ever wish to become a Canadian citizen insofar as our present marine regulations are concerned.

We might point out that we are not in favour of increasing the rules and regulations concerning vessels engaged in coastwise trade, but we do feel very keenly that whereas we are restricted from doing business in a foreign country, the citizens of that country should be restricted in the same manner in Canada.

The second item on which we wish to make submission, has caused both the government and vessel operators considerable trouble over the past few years and should be definitely settled.

2.(A) That regulations governing the importation of floating equipment into Canada should be definitely established by law and not left "subject to discretion" so that the policy adopted, whatever it might be, would apply equally to all.

(B) That the importation of floating equipment, either new or second-hand, should be controlled by the suitable application of duties only, and that such duties, while giving the established preference to Commonwealth countries, should also include suitable anti-dumping duties with respect to floating equipment over a certain age, say 10 to 15 years; the only exception to this being in the case of importation of hulks for breakwater purposes which we suggest should enter the country duty free.

Importation of U.S. equipment after the war helped the towboat industry tremendously in keeping pace with the ever-expanding economic position of this Province, the same opportunities are required today.

NOTWITHSTANDING THIS, THE ASSOCIATION FEELS SO STRONGLY ON THIS WHOLE MATTER THAT IF YOUR COMMISSION CANNOT ACCEPT AND RECOMMEND THE ADOPTION OF POINT No 2 SIMULTANEOUSLY AND IN CONJUNCTION WITH No 1, THEN OUR MEMBERS ARE DEFINITELY OPPOSED TO THE IMPORTATION OF ANY SECOND-HAND EQUIPMENT INTO CANADA.

The reasons for this are obvious if point "One" is not accepted and put into effect with point "Two"; a United States Shipping Company would at any time, be in a position to import their second-hand

equipment into Canada and actively compete with established Canadian companies.

In closing we would point out that the Members of our Association operate approximately 350 tugs, ranging up to 2600 H.P., 450 scows and barges and 20 derricks. The replacement value of this equipment is in the neighbourhood of \$40,000,000, 2500 men are employed with an annual payroll of \$9,000,000.

Respectfully submitted,

B.C. TOWBOAT OWNERS' ASSOCIATION

(W.A. Sankey)
Secretary

WAS/kg

SUBMISSION OF THE
HUDSON BAY ROUTE ASSOCIATION

Presented at Winnipeg 1955

To the MARINE ROYAL COMMISSION ON COASTING TRADE

Pursuant to Order-in-Council - P.C. 1955-308

Dated at Ottawa, Ont March 1st, 1955

TO: COMMISSIONNERS Mr. JUSTICE Spence
CHAIRMAN
W. N. Wickwire - M. Belanger

SIRS:

The Hudson Bay Route Association herewith desires to express its sincere welcome to you, sirs, upon the presence of your Honourable Royal Commission sitting in Western Canada to hear sworn testimony relevant to Canada's important matter of universal Coastal shipping trade and of our Association being allowed this humble privilege of addressing your Honourable body in this respect.

Over many years past this Association has led an intensive promotional fight for greater development of Canada's largest inland body of salt water, Hudson Bay and Strait with its Southern parts called James Bay and Ungava Bay, comprising about a half a million square miles, being some 850 miles long and 650 miles wide, adjoining the Atlantic Ocean.

It is now a matter of history that from days of early settlements in the Prairie Provinces the people have clamored for relief from being land-locked and having to pay the long haul freight charges to and from Eastern Canadian tide water ports in connection with the exchange of their products.

The people of Western Canada are strongly in favour of International and Commonwealth shipping and Canadian and St. Lawrence River Coastal trading to and from the Port of Churchill and other ports on Hudson Bay and Strait to increase outgoing shipments of Agricultural products of Feed and Seed grains, Wheat, Dairy and Poultry edibles, newly discovered minerals, Pulpwood, Lumber, Cattle, Horses, Swine, Sheep, Oil and Gas, Etc., in interchange for various incoming products such as Fish, Potatoes, Apples, Cement, Coal, Petroleum products, Building materials, Steel and Iron supplies etc.

All of which being decidedly in the National public interest.

INACTIVE COASTING TRADE

Substantial foreign and Commonwealth shipping, is now trading into Port Churchill taking on cargoes of wheat and flour and a beginning is being made of passenger traffic. The carriers find this business very attractive.

On the other hand a deplorably inactive condition exists toward a commencement for a build up of Coast-ing trade between Hudson Bay points and the Maritimes and St. Lawrence River ports, due principally to the unfortunate absence of aggressive deep sea and coastal shipping under Canadian registry. It is therefore, to be hoped that from results of this Commission's investigation, there will emerge a more vigorous Canadian shipping activity in this respect.

NAVIGATION AND MARINE INSURANCE

Shipping in these waters during the Dominion Government's ordinary well protected season of navigation, between the months of July through October, with, but the ordinary sea faring hazards to encounter, has generously received continuously declining Marine Insurance premiums which may be termed burdensome by some shipping interests, yet not so prohibitive by others.

The present Hull Insurance coverage rating with gyro compass is Six Shillings and Eight Pence per cent on insurable value of ships, with a further reduction expected for this 1955 shipping season. The season of 1948, Hull Insurance rates were reduced 72.0625 per cent.

The average turn around time for ships carrying wheat and commodity cargoes to and from British and European ports during the 1953 season was 5½ days, and the first slush ice was reported at Fort Churchill on October 30th and in Hudson Strait on November 15th. Ship masters have reported that shipping conditions on the Hudson Bay Route compares favourably with voyages to Finland and Norway, having plenty of space for navigable direction and the few icebergs observed are easily avoided. The Hudson Bay area is as large as the North Sea.

Next year 1956 with the Churchill grain elevator facilities doubled to five million bushel capacity, it will provide for the loading of over 20 million bushels of grain and a more expeditious turn around of ships.

EXPANDING HUDSON BAY ROUTE ACTIVITIES

This year 1955 the Hudson Bay Route celebrates its first quarter of a century in export-import commercial shipping, with casualties at a minimum in proportion to the total tonnage handled and the number of ships calling at Port Churchill, thus successfully disproving the unwarranted theory formerly held by many people, that this waterway was unnavigable and impractical to operate for shipping purposes.

A thorough study of plans, procedure and securement of adequate grain elevator facilities, possible of completion at the port of Conception Bay in Newfoundland for exchange of desirable products by water carriage from the Prairie Provinces via Port Churchill, is now being seriously considered by Eastern and Western interests. Speedy conclusion of such an enterprising undertaking will be hastened into a reality when it is learned what future Government decision is made respecting the National

Policy of Maritime Free Freight Rates Act re its possible termination and that more Canadian registered ships will be made available and ready to move such traffic.

HUDSON BAY ROUTE EXPECTS RECORD SHIPPING TRAFFIC FOR 1955

Shipping traffic of export and import goods via the Hudson Bay Route and Port of Churchill is expected to set a new record in tonnage by the year 1955 navigation season.

Some 40 foreign ships will call at Port Churchill this season to load at least 12½ to 15 million bushels of export Wheat and discharge many thousands of tons of imported merchandise.

In effect, this new yet old Northern waterway is creating a great industrial development in Northwestern Canada, which only a few years ago many of our people did not realize would ever occur.

Canada has arrived at an era of industry and much needed shipping, on her millions of square miles of waterways, badly neglected in past years, which now as never before, requires, immediate attention for greater improvement and social welfare for her fast increasing population. Western Canada from the Head of the Great Lakes to the Rocky Mountains, over the great fertile, level Prairie agricultural and stock raising region ships annually via the Great Lakes some 16½ million tons of assorted commerce.

Adjoining to the North of this productive area, is a vast rocky mountainous district containing fabulous mineral yielding wealth from operating mines, rich in copper, nickel, zinc, gold, uranium and now possibly aluminium will shortly be manufactured closed to Port Churchill where Bauxite ore from South America will be brought in by ship and stock-piled for processing.

In the above connection there is no accurate record published of the total tonnage or value of these products being shipped, but which runs into many millions of tons and dollars.

Is it any wonder then, that Western Canada inhabitants rightfully clamor for greater usage of the two deep sea waterways, the Hudson Bay Route and the St. Lawrence deep Seaway, in order to expedite economic transshipment in and out of this area, for the support of such colossal industrialization.

Is it any wonder then, that we believe we are entitled to seek and obtain a greater share now apportioned of our country's consolidated revenues to improve and maintain these two valuable waterways on behalf of this great wealth yielding activity in the National public interest.

The creation of new capital assets has been a remarkable factor of Northwestern Canada's prosperity. The building and equipping of new plants has expanded Western Canada's population of which we have abundant evidence and these two water routes and enlarged facilities will command markets in world trade and an increased number of vessels will be required to handle this domestic and foreign commerce.

POLICY ADOPTION

Thus, with the unsolved Canadian Coasting trade reference before us, we naturally continue in our research for some realistic solution which will help

overcome and implement at least to some degree a practical workability of the problem.

Sirs: therefore, in a considered judgment, we seriously and urgently recommend that your Honourable Commission do hereby favourable study and adopt the following policy:

We believe that the time has definitely arrived when Canada's deep sea and coastal shipping pleads for financial aid on behalf of future benefits to its taxpayers by an intensive shipping development on her expansive inland waters and Atlantic and Pacific coasts, through greatly increased ship building and ship repairing for the immediate carrying out of operation thereon.

It is therefore earnestly proposed that your Commission do advisedly recommend to the Dominion Government that legislation be speedily enacted enabling the offering by way of CASH LOANS (similar to procedure in Norway) (not subsidies) in the sum of TEN MILLION DOLLARS (\$10,000,000) surrounded with proper safeguards for security and suitable recovery regulations, over the next ensuing 10 year period or a lesser time if advisable, for the construction and operation under the Canadian flag of registry operating from port to port in Canadian waters, to a total number of around 100 standard type, modern design Merchant Marine ships, at a production rating of 10 to 20 ships per year, built in Canadian shipyards of a 27 foot draught loaded, and possibly all of such ships to be constructed as to provide a limited 10 to 12 individual passenger accommodation on each ship.

Such a policy procedure we earnestly believe will obtain a clear warranty from the Canadian people, whose desire is to have handled successfully the tremendous forthcoming production and distribution of water traffic in Canada, which will remain unsatisfied by rail, air and truck transport and which will in turn supply a much needed public service and prove to be an effective and profitable competitor against foreign and Commonwealth shipping in Canadian waters.

Also from a civil defence viewpoint in the event of a world war breaking out, a good sized deep sea Canadian Merchant Marine Fleet would be an absolute necessity for the support of our Naval ships in the performance of their protective duties on Canada's Atlantic and Pacific Coast lines.

The 100 Canadian Merchant Marine ships now on loan under the United Kingdom registry for upkeep over a five year period or when the St. Lawrence Seaway is completed, could be returned to Canadian registry and these ships when added to the newly constructed ships under the loan policy, would provide Canada with a formidable Merchant Marine fleet of over 200 deep sea dry cargo ships under Canadian registry, thus making more Canadian vessels available for service on the Atlantic and Pacific coasts and the St. Lawrence River and Great Lakes waterways.

ADMINISTRATIVE CONTROL

For the purpose of adequate and effective administrative control in an undertaking of such magnitude it is hereby proposed that the entire responsibility for regulatory powers of direction to vary or rescind any orders, decision, rule or regulation including carriage rates, shall be entrusted with and delegated to an adequately staffed

Canadian Maritime Commission
Established under the Canadian Maritime Commission
Act of Parliament C-38-R.S. Nov. 1-1947
- - - - -

who shall assume all of the present duties and functions presently exercised by the greatly overtaxed Board of Transport Commissioners for Canada, respecting all matters pertaining to the Canadian Merchant Marine deep sea and coasting trade ships and ship building and ship repairing and that the said duties shall be assigned or transferred to the said Canadian Maritime Commission for enforcement and administration.

SHIP COMPOSITION MEANS LOWER FREIGHT RATES

More ships plying Canadian waters carrying the mounting traffic available seems the only sensible solution in sight for the benefit of the producer, consumer and carrier, which tonnage now exceeds the combined traffic of the Suez and Panama Canals and which will be greatly increased by the new developments now in progress.

Therefore such a principle should be vigourously continued and greatly augmented by placing aside any inconsistent suggestions of abrogation of the Commonwealth Shipping Agreement, 1931 and or that only ships built in Canada can be allowed to engage in trade between Canadian ports, if transportation charges are to be reduced and the public become the beneficiaries.

If the two great mid-Canada waterways shipping routes to the Atlantic Ocean and the world markets upon which Canada so much depends, that of the Hudson Bay Route via Port Churchill in Northern Manitoba and the St. Lawrence deep Seaway from the Head of the Lakes, so essential to service the ever increasing economy of the Prairie Provinces, is to be curbed, monopolized or in any manner whatsoever not allowed to function freely, then all of this tremendous National investment will not profit our people by as much as one cent.

Here we wish to point out to wholesale distributors and consumers that at present there is substantial savings in freight charges on goods inbound or outbound via Port Churchill to or from most Prairie points as against similar shipments via Montreal or Toronto.

In conclusion therefore, may we soon see many more Canadian deep sea and Coasting ships profitably trading into and out of the ports of Hudson Bay and Strait, Ungava Bay and James Bay, changing for the better a pattern of present shipping traffic which can be readily foreseen at this time.

- - -

With a great industrial Agricultural, Mining, Oil and Gas, Lumber and Fishing potential advancing into revolutionary proportions in Northwestern Canada which can be reached more cheaply and speedily from Atlantic Ocean traffic via the Hudson Bay Route now in operation and the St. Lawrence Seaway planned to be ready for operation in the year 1959, the discerning eyes of capital and shipping promotional interests, we hope, will soon begin to increasingly profit and enjoy these safe and speedy shipping routes, docking ships and cargoes in the very heart of Canada.

When ships commence operations on the St. Lawrence deep sea Waterway from the Atlantic to the Head of Canada's Great Lakes, there is little doubt that the overall pattern and direction adopted, will follow closely the present design and conduct of world wide ocean going deep sea shipping, which will apply on coasting trade in Canada's expansive inland waters.

It will be the average type of the 10,000 ton deep sea tramp ship used in the movement of cargoes and passengers from Port to Port, that will set the tariff tolls so as to successfully compete with all other basic ratings effective on all other means of Canadian transportation.

Future construction of Canada's new deep sea coasting water borne carrier Merchant Fleet, will be so governed and while such action is late in adoption it will yet mark a spirit of Canadian aggression in world wide competition on the high seas and coastal trading in this country.

Hudson Bay Route Association

R.H. McNeil,
Executive Director

BRITISH COLUMBIA LOGGERS' ASSOCIATION

Copy

Room 401-550 Burrard St.
Vancouver 1, B.C.

June 22nd, 1955

Mr. J. J. McLeod,
Secretary,
Royal Commission on Coasting Trade,
4 Sussex Street,
Ottawa, Canada

Re: ROYAL COMMISSION ON COASTING
TRADE OF CANADA

Dear Sir:

The British Columbia Loggers' Association respectfully submits to the Royal Commission on Coasting Trade of Canada, the following views with regard to matters under study by the Commission.

The Association comprises some fifty companies engaged in logging on the Coast of British Columbia and its members annually produce approximately 65% of the logs cut on this Coast. They employ more than 10,000 men in their logging operations, with an annual payroll in excess of \$50,000,000. The value of logs produced by these companies in 1954 exceeded \$100,000,000.

We are opposed to any restrictions as to the classes of ships now permitted to engage in the Coastal Trade of Canada, for the following reasons:

1. In the consideration of any problem affecting the people of British Columbia it should be emphasized that our economy rests largely upon our primary industries and forestry is by far the most important of these. It is generally conceded that at least fifty cents of every dollar of income arising in this province comes directly or indirectly from the forests. It follows that anything which places any additional burden either upon the logging, the manufacturing, or the marketing of our timber and its products, carries most serious implications to the general welfare of the people of this province.
2. British Columbia has a very long Coast Line, six hundred miles in a straight line, from Victoria to Stewart, Alaska. It is fringed with thousands of islands and indented with thousands of inlets. Scattered up and down this Coast are our logging camps. Excepting only the lower east coast of Vancouver Island and the area immediately adjacent to Vancouver, they can only be reached by air or water. The problem of transportation of heavy machinery, equipment, tools, supplies and men, from distribution centers to our camps, is therefore, a most serious one. Any restriction on ships permitted to engage in Coastal Trade here would either impair the service or increase the cost.

3. There were four billion board feet of logs cut on this coast in 1954. At least that amount of footage had to be towed from camp, storage, or sorting grounds to the mills. Some of these logs came to the Vancouver market from as far north as Prince Rupert, and large quantities were towed from the Queen Charlotte Islands or the West Coast of Vancouver Island to the lower mainland for processing. Again, any restriction upon ships permitted to engage in this work must either impair the service or increase the cost.
4. Boat service on this coast available for transportation of men and supplies has been very definitely curtailed in recent years. Any further curtailment would seriously affect our ability to produce the log requirements of existing conversion plants on this Coast.
5. All increases in our cost must be reflected in higher costs to the mill, and in turn, to the buyer of the end product. Last year 75% of the lumber cut in this province, 80% of the shingles, and 76% of the pulp and paper manufactured here, were exported from Canada and had to meet competition in World markets. Every increase in cost makes it just that much more difficult to meet such competition. Our position in these markets is vital to the people of our province, and of major importance to Canada as a whole.
6. To bar vessels built or registered in Commonwealth countries, from participation in the Coastal Trade of Canada must necessarily lessen the available Canadian dollar supply in the Sterling areas. The availability of Canadian dollars is the prime factor affecting their ability to take our timber and pulp offerings.

We therefore urge no change be made in our Canadian laws or the regulation thereunder. It is our considered opinion that if a substantial shipbuilding industry is held to be a necessary adjunct to National Defence, and if it is proven that such an industry cannot be self-sustaining under present laws and regulations, then the remedy lies in direct subsidy by the Dominion Government to the benefit of all sections of our population.

Respectfully submitted,

BRITISH COLUMBIA LOGGERS' ASSOCIATION

Otis D. Hallin
Chairman, Board of Directors

CANADIAN WESTINGHOUSE COMPANY LIMITED

June 24, 1955

The Honourable Mr. Justice W.E. Spence
and ~~Justice~~,
The Royal Commission on Coasting Trade,
490 Sussex Street,
Ottawa, Ontario

Gentlemen:

I beg leave to submit the views of Canadian Westinghouse Company Limited on the important and difficult subject that you are now studying. As you know, Canadian Westinghouse Company Limited is one of the major suppliers of electrical goods of all kinds in Canada. While the company has, naturally, a business interest in the problem, we cannot say that any recommendation of yours, if put into effect by the Government, will have a far reaching affect for better or for worse on the welfare of our company; indeed, we do not seek to express our view from the standpoint of selfish interest, but rather as a taxpayer and citizen interested in the long term welfare of Canada.

The question before you is whether or not it should be made obligatory that the domestic coastal shipping business be reserved only for ships built in Canada and of Canadian registry. You will not be able to answer this question by applying the tests which are usual for determining the economic feasibility of any commercial venture (unless your answer is to be in the negative) because the shipbuilding industry in Canada cannot be justified commercially. If it is to be helped, and I stress that it is our opinion that it should be helped, it must be justified on some broad basis of national interest which call on the whole Canadian economy to foot the bill, directly or indirectly.

The interest of national defence in time of emergency comes readily to mind. The urgency for a strong ship-building industry and strong supporting industries in time of emergency, as outlined in the representation made to you by the Canadian Industrial Preparedness Association, which I have had the opportunity of reading, cannot be overstated.

The ship-building industry in Canada is in a position no different from that of the ship-building industries in a great many countries of the world; they cannot possibly support themselves as commercial ventures during times of peace. It is well known that the total world demand for new ships in any peacetime year can be satisfied by the shipyards of Great Britain. The ship-building industry is in the same position as the aircraft industry, in this respect. It therefore follows that there is no commercial justification for shipyards in Canada in the same way that there is no commercial justification for an aircraft industry in Canada, and thus the solution to the problem can only be achieved by weighing the national interest in having facilities for ship-building available in times of emergency against an analysis which will prove conclusively that such industry is uneconomic.

The United States, faced with the same problem so far as ship-building is concerned, has as a matter of national policy lent its aid in the form of subsidies to the owners of shipping concerns. It may be that such a solution would be the answer for Canada. If, however, it is possible to achieve the desired end without all-out subsidy, such a solution is more desirable. We feel that the protection afforded Canadian ship-building by reserving the coastal trade to ships built and registered in Canada is a form of subsidy which is least costly to the Canadian taxpayer.

Such protection would, we believe, encourage the building of ships in Canada during times of peace and thereby keep alive the nucleus of those skills and talents which are so urgently needed in the ship-building industry and in its supporting industries during times of war or national emergency.

Sincerely yours,

H.K. Rogge

THE HAMILTON CHAMBER OF COMMERCE
Hamilton, Canada

June 27th, 1955

Mr. G.G. McLeod,
Secretary.
Royal Commission on Coasting Trade,
490 Sussex Street,
Ottawa, Ontario

Dear Sir:

With reference to the establishment of the Royal Commission on Coasting Trade of Canada pursuant to Order-in-Council P.C. 1955-303, March 1st, 1955, and its terms of reference to enquire into and report on all questions within the jurisdiction of Parliament on the coasting trade of Canada, arising out of the transportation by water, or by land and water, of goods and passengers from one place in Canada to another place in Canada including the Great Lakes as referred to in the said Order-in-Council, we would respectfully submit that the City of Hamilton, Ontario, which is the fifth City in the Dominion of Canada, with a population of some 230,000, with some five hundred and thirty industries representing the greatest diversity of manufactured products in any single city in Canada, and with possibly the most highly industrialized economy of any city in Canada, warrants every consideration in regard to the Port of Hamilton, particularly in the St. Lawrence Deep Waterways scheme.

The tonnage in and out of the Port of Hamilton is only exceeded in Canada by those of Montreal and Vancouver and the Hamilton Harbour Commissioners have kept pace with the rapidly growing Port by arranging for the expansion of dock facilities, cargo handling equipment and warehouses, both for the present and for the foreseeable future.

It is the opinion of the Hamilton Chamber of Commerce that Part II of the Transport Act, 1938, "Transport by Water", Section 12, should be maintained with the exception that subsection 4(b) which presently reads "and the Gulf and River St. Lawrence east of the western point of the Island of Orleans, etc.", should be changed to read "and the Gulf and River St. Lawrence east of the Anticosti Island, etc.".

Under the present Commonwealth Agreement steamships of British Registry have been engaged in providing efficient service, at reasonable rates, between Great Lakes Ports and the Maritime Provinces, including Newfoundland. These services have been the means of Canadian industry being able to participate in business to these provinces. We would respectfully ask the Royal Commission not to disturb anything that will eliminate this competitive situation and restrict the operation of these steamship services which have pioneered this trade.

Transportation costs today are becoming more and more an important factor in the marketing of goods and we feel any restrictions upon the present trade operations to Newfoundland and the Maritimes will seriously affect the marketing of goods from the Port of Hamilton and district.

We would, therefore, ask that you kindly give the above every consideration in your deliberations on the Coasting Trade of Canada.

All of which is respectfully submitted.

Faithfully yours,

J.C. Saunders
General Secretary and
Manager, Transportation Department

27 June 1955

SUBMISSION

of

SAGUENAY TERMINALS LIMITED
1000 Dominion Square Bldg.
Montreal, Que

to the

ROYAL COMMISSION ON COASTING TRADE

pursuant to Order-in-Council
P.C. 1955 - 308
March 1st, 1955

1. In the separate capacities which are represented for us by the Canadian Shipowners Association and by the Shipping Federation of Canada, we associate ourselves with the submissions made by those bodies.

In our general capacity as operators of steamships, whether they be ships which we own or which we charter or husband and whether on Canadian or other Commonwealth or foreign registry, we feel that we can usefully put before the Commission some comments of our own.

2. Rightly or wrongly, we are under the impression that the decision to proceed with the great project known as the St. Lawrence Seaway is what gave rise to those representations to Government which led to the creation of the Commission.

We view the St. Lawrence Seaway project as one which will greatly increase the volume of cargo movement within the Great Lakes area, within the St. Lawrence area, between the Great Lakes and St. Lawrence areas and between those areas and other areas of Canada and areas abroad.

As Canadian operators of deep-sea ships and having several base ports in Canada already well established, we are naturally interested in the development of the maximum volume of cargo movement by water within Canada, for which we shall be free - with any of our ships which are lawfully admissible - to compete on open and equal terms.

The maximum volume of cargo movement by water cannot develop where protected coastal shipping areas raises the cost of domestic transportation and thereby lowers the ability of Canadian products to compete domestically with imports (such as British Columbia lumber in Eastern Canada) and to compete abroad with the products of other countries.

3. Despite the fact that economic considerations force us, a Canadian company, to use a number of non-British flag vessels, we have enough British flag vessels (both owned and chartered and husbanded) to enable us to arrange our operations in such a manner that our own Canadian Coastal laws give us no cause to seek to have the qualifications for admissible ships under the Canada

Shipping Act liberalized. On the other hand, we would certainly not wish to see any further restrictions introduced, particularly not against British flag vessels.

4. There are various parts of the Transport Act affecting the coasting trade which are restrictive and protective and which by their character must obviously be objectionable to all but the protected parties. Even though we are a Canadian company, we are not one of these and, therefore, feel entitled to ask why others should be so protected.

For example, why is a water carrier wishing to operate in the Great Lakes area obliged to demonstrate that his proposed operation is "required" by public necessity? Is this clear protection of all existing services from competition justifiable?

We may raise the question, too, as to why in the Transport Act the Great Lakes area is so artificially defined as to stretch so far eastwards that it embraces the port of Quebec.

By the words of the Transport Act there develops this further anomaly that a ship engaged on a voyage from Montreal to Europe - if it also qualifies for coastal trading within Canada - could carry cargo from say Montreal to Halifax on its way out, while an equally qualified ship engaged on an intercoastal run from Montreal to Vancouver via Panama could not do the same, but could do so if it were only going as far as Seattle. We do not see how restricting intercoastal shipping from coastal business can be in the public interest of Canada.

A further matter of most serious importance to water carriers are the so-called railway "agreed charges", particularly that recommendation in the report of the Royal Commission on Agreed Charges which provides for the setting of such agreed charges by the railways while leaving no right of appeal against them by any water carrier who may thereby be discriminated against.

The Transport Act appears in any case, to the extent that it affects them, to be generally objectionable to water carriers as a whole body, in that it seems to constitute regulation not imposed either in the interest of this whole body of water carriers itself or of those who use its services, but to produce effects which can benefit only a few interests and these somewhat inimical to the general interests of this whole body of water carriers and of those who use its services, and thus inimical to the public interest of Canada.

5. Apart from the above features of the Transport Act, we draw attention to another rate setting mechanism of the railways which can be used by the railways to discriminate punitively against the operators of a service by water. This is the "through-rate" tariff. Such discrimination is practised through the refusal by the railways of through tariff facilities and

concessions to water carriers whose services are irksome to the railways.

It does seem to us that great public utilities should first not have the inclination but in any case should not have the power to resort to such selective retaliations.

6. As the operators of an intercoastal shipping service between Eastern Canada and British Columbia via the Panama Canal, we make the representation that (apart from compliance with present flag requirements) this intercoastal trade must be viewed as the deep-sea operation it is.

7. May we express the view that fears in any particular segments of Canadian business or industry that the great St. Lawrence Seaway project will prove harmful would seem to be unworthy of Canada's current achievements and strong position. Considering the indignation of Canadians at the long resistance of many United States interests to the Seaway, it is odd that at this stage any interests in Canada should begin to show indignation over the realization by Canada of the benefits of the project. Certainly it cannot reasonably be assumed that the Government of Canada has engaged Canadians to the expense of removing a natural barrier to shipping going into the Great Lakes only to replace it by an artificial barrier. In any event none should be protected or all should be; Canadian deep-sea shipping has if anything a greater need to be supported in its struggle with economic forces than Canadian coastal shipping or Canadian shipbuilding, but none of these industries can flourish if commerce is slowed up under the burden of protected high-cost service displacing a low-cost one.

In any case, the participation of British ships in the coasting trade of Canada is not now and is not likely to become of serious proportions; by contrast, the competitive influence of the participating United Kingdom flag ships is beneficial at the same time that good relations with Britain are maintained.

8. We may conclude by reference to our own special functions of providing lowest cost water transportation for the raw materials and the finished products of our parent company, the Aluminium Company of Canada, Limited. Important movements in the intercoastal and the coasting trades of Canada are included. The great contributions made to Canada's economy by its large exporting companies, of which the Aluminium Company of Canada must be one of the foremost, depend upon such low-cost transportation and it is our natural desire to continue to provide it with no more restriction than we presently must cope with.

IN SUMMARY,

(a) we feel that the appropriateness of the protections afforded and the entitlement of those protected by

The Transport Act merits critical review in the light of present and prospective conditions and of the hardships and injustices imposed upon the unprotected

- (b) we urge that the provisions of the Canada Shipping Act relating to the qualifications for ships that may engage in the Coasting Trade of Canada be left unchanged.

Respectfully submitted,

SAGUENAY TERMINALS LIMITED

F.L. Parsons

FLP:ME

To the Royal Commission on the Canadian Coasting Trade

SUBMISSION

of

THE COLLINGWOOD SHIPYARDS, LIMITED

and the

TOWN OF COLLINGWOOD, ONTARIO

regarding

the restriction of the Coasting Trade in Canada to ships built and registered in Canada and its relation to the economic conditions of the Town of Collingwood, Ontario

June 7, 1955

The Collingwood Shipyards, Limited and the Town of Collingwood, Ontario, are vitally interested in the St. Lawrence Seaway and its possible effect on the shipbuilding industry in the Great Lakes area.

The Town of Collingwood has been dependent on the shipbuilding industry for almost three quarters of a century.

In 1882 a group of townspeople raised the sum of \$25,000.00 to build the first drydock. Wooden ships had been built there for many years prior to that time and when steel ships were commenced Collingwood also started to build steel ships. This change to steel ships took place in Collingwood at the turn of the century.

In all the years from 1900 to 1955 Collingwood has built 153 fine ships of all kinds and the people of this district have become expert craftsmen in the various branches of the business of building ships.

During the period from 1900 to 1920, which included the years of the First World War, the Great Lakes Shipyards were busy building ships. The fact that the men had the skill and the know-how, and the yards had the equipment, enabled them to play a very important part in the building of merchant vessels and mine-sweepers, and assist the Allies to win that first War.

During the period between 1924 and 1939 there was very little shipbuilding in the Canadian Great Lakes shipyards.

The Canadian Naval Architects, Engineers and skilled craftsmen, who had been train in Canada, had to find work elsewhere. The result was that most of these people with their families moved into the vicinity of shipyards in the United States. The majority of these skilled craftsmen were lost to Canada for all time.

The writer spent fourteen years in the United States shipyards during this period.

During this time many ships were built in other Commonwealth Countries for the Canadian Coastal Trade, and old obsolete United States vessels were allowed to be brought into Canada and enter the Coastal Trade of this country.

This proved to be poor economy for when World War II broke out we found that Canada had no shipyards worth mentioning and what we had were equipped with machinery that was practically obsolete, and the majority of the employees knew very little about building ships.

If during the years between the two wars Canadian Coastal Trade had been preserved for Canadian built ships we would have saved many millions of dollars that had to be spent to revitalize the shipyards and we would not have had to depend on our good neighbours to the South to protect us while we were getting organized.

Our experience in the last War provided us with proof that we should never again allow our shipyards to become as idle and obsolete as they were immediately prior to that War.

The opening of the \$300,000,000 Seaway should be made to resound to the good of all Canadians and Canadian industry.

The Town of Collingwood and its people depend on Canadian shipbuilding for their very existence, and want to keep on building ships for Great Lakes Service, but apart from this Canada is going ahead, and needs to be prepared for any emergency. We have our armed services and they will need many merchant ships in case of War.

These ships will have to be built in this country. Our experience in two wars has proved without any doubt that the United Kingdom cannot supply us with ships, in fact they were unable to build sufficient ships for their own survival during World War II.

The shipyards in the Great Lakes area are in a strategically good location from a defence angle.

These Great Lakes shipyards are now very slack while ships for the Canadian Coastal Trade are being built abroad. This condition can be aggravated by the new Seaway.

The Collingwood Shipyards Limited will finish its present shipbuilding programme on July 7, 1955 when it delivers the Canaller "Iroquois" to the Canada Steamship Lines Limited of Montreal.

We have no more ships to build at present and we are laying men off work every day. By July 7th we expect our present staff of about 400 will be reduced to less than one hundred. This staff has already been reduced from over 700 in the past two months.

We have a large modern Drawing Office at Collingwood which is the Central Drawing Office for our four yards - Collingwood, Midland, Port Arthur and

Kingston. Our Naval Architects, Engineers and Draughtsmen will be obliged to look for work elsewhere unless we can get ships to build.

These organizations take years to build and are vital to a country looking ahead, as Canada is today. They cannot be maintained if the only source of revenue is the meagre amount of repair work on ships obtainable in this area.

Shipbuilders in these Georgian Bay towns are being paid hundreds of thousands of dollars in Unemployment Insurance to do nothing. These men besides losing their skill are dejected and their only hope is that shipbuilding in Canada can at least have some measure of protection by giving them the opportunity to build ships for our own Coastal Trade.

We would appreciate having the Royal Commission on the Canadian Coastal Trade visit the Town of Collingwood during its investigation in order that the various interested bodies in this district may meet with the members of the Commission and have an opportunity to present the case for Collingwood and the Georgian Bay District more fully.

Respectfully submitted

THE COLLINGWOOD SHIPYARDS LIMITED

Harold W. Walton
Vice-President and General Manager

TOWN OF COLLINGWOOD, ONTARIO

Gordon A. Braniff
Mayor

To the Royal Commission on the Canadian Coasting Trade

SUBMISSION

of

MIDLAND SHIPYARDS LIMITED

and the

TOWN OF MIDLAND, ONTARIO

regarding

the restriction of the Coasting Trade of
Canada to ships built and registered in
Canada and its relation to the economic
condition of the Town of Midland, Ontario

- - - - -

June 7, 1955

MIDLAND SHIPYARDS LIMITED has been virtually
closed down since May 1954 because of lack of orders
for ships.

The Town of Midland depends to a large de-
gree on its shipbuilding industry.

Steel ships were built here during the First
World War and continued to be built until the depres-
sion of 1929.

The Shipyard was reopened again in 1940 and
built many war vessels for World War II. From the
conclusion of the Second World War until May 1954 this
shipyard built a number of large freighters. The
last ship built was the Canada Steamship Lines Limited
Bulk Freighter, the "T.R. McLagan", the longest ship
on the Great Lakes - 715'0" long x 70'0" beam and
37'0" deep.

A large number of the men who built this
fine ship are still unemployed and some of them are
still receiving unemployment money for doing no work
at all.

Ships presently built overseas could, if
built in Canada, help to put these men to work and there-
by assist the economy of this Georgian Bay town; and also
keep from becoming obsolete shipbuilders and equipment
that will be so vital to Canada in case of emergency.

We believe that one action which will greatly
assist these shipbuilders, and their industry, is to res-
trict the Canadian Coastal Trade to ships built and re-
gistered in Canada.

We have been given to understand that the
Royal Commission will conduct a hearing in Midland and
we would appreciate the opportunity to present the case
for Midland at that time.

Respectfully submitted
MIDLAND SHIPYARDS LIMITED
Harold W. Walton
Vice-President and General Manager
TOWN OF MIDLAND, Ontario
Charles Parker, Mayor

SUBMISSION
of
THE SHIPPING FEDERATION OF CANADA
to the
ROYAL COMMISSION ON THE
COASTING TRADE OF CANADA

Order-in-Council P.C. 1953-308

of the 1st of March, 1955

515 Board of Trade Bldg.
Montreal, June 25th, 1955

- (1) The Shipping Federation of Canada is an association of steamship owners and steamship agencies whose members are mainly operators of Canadian, British and foreign deep-sea vessels that trade between eastern Canadian ports and countries overseas. The Federation also represents certain operators of vessels engaged in what might be termed "deep-sea" coasting in Canada. The total vessel tonnage entered in the Federation for the year 1954 was 5,503,594 tons gross register.
- (2) Under our present coasting law - PART XIII of the Canada Shipping Act (Chap. 29, R.S.C. 1952) - carriage of goods by water or by land and water between one place in Canada and another place in Canada is restricted to "British" ships, that is, ships registered in Canada or in parts of the British Commonwealth (under the terms of the British Commonwealth Merchant Shipping Agreement, dated London, December 10th, 1931). In actual fact, the only ships, other than Canadian ships, that have engaged in the Canadian coasting trade in recent years are "British-built" ships of United Kingdom register. No "foreign" ship, which under the Canada Shipping Act is described "as meaning a ship other than a British ship", has any right to engage in the coasting trade of Canada except by special permit issued by the Canadian Government (Section 673 of the Canada Shipping Act). Such special permit may be issued in circumstances where no Canadian or British-built ship is available for the carriage of the cargo when such cargo has to be moved. Any proposal for further restriction of our existing coasting law by excluding so-called "foreign" vessel is therefore a proposal that British-built ships of U.K. register shall no longer have the right to engage in Canadian coasting.
- (3) Much of the Canadian coasting trade consists of comparatively long voyages between one place in Canada and another, e.g. Pacific Coast to East Coast, Nova Scotia to Upper St. Lawrence ports, Nova Scotia to Newfoundland, and between the Great Lakes' ports and Lower St. Lawrence ports and/or ports in Newfoundland. Practically all such coasting voyages in which British ships engage from time to time do not infringe on the long established services of Canadian inland navigation companies, whose vessels, engaged in the handling of package freight or passengers in the area of the Great Lakes are subject to the

jurisdiction of the Board of Transport Commissioners for Canada, which issues licenses under the terms of the Transport Act, on the basis of public convenience and necessity.

With respect to the probable effects of the St. Lawrence Seaway upon the coasting trade of Canada, it is our view that the construction of the Seaway will be beneficial to Canadian ship operators serving the Great Lakes area, but that the main benefit of the Seaway will be the opening up of greater water transportation facilities for the development of international trade between territories tributary to the Great Lakes and countries overseas. It is not likely, in our view, that the construction of the Seaway will alter, to any great extent, the present pattern of our deep-sea coasting trades.

(4) The use of British-built ships in our deep-sea coastal trades has undoubtedly been of great value to the Canadian cargo owners concerned. It is claimed by others that the closing of the coastal trade of Canada to British-built ships would result in greater construction, in Canadian shipyards, of suitable Canadian vessels that would replace British ships as and when required in our Canadian coasting trades. It is submitted, however, that if our coasting trades were closed to British-built ships, it does not follow that Canadian shipyards would thereupon receive orders for Canadian vessels to take their place because many of these coastal trades are seasonal and it is unlikely that a Canadian shipowner would be induced to engage in the construction, in a Canadian shipyard, of a fairly large carrier, suitable for deep-sea coastal service, without some assurance that such Canadian-built ship would be able to secure profitable employment during the entire year.

(5) It is common knowledge that the United Kingdom is a most important consumer of Canadian products, and the closing of the coasting trade of Canada to British-built ships of U.K. register would result in removing an opportunity for the United Kingdom to earn some balancing Canadian dollars through the services of their ships, without any real compensating benefit to Canada. It is also submitted that the closing of our coasting trade, especially those sections of it that are in fact "deep-sea" trades, would create a hardship on Canadian cargo owners who have been able to utilize British-built ships, as and when required, to their advantage.

(6) The membership of the Federation is vitally interested in the further development of sea-borne trade, and as one of the world's largest trading nations, it is clearly in the interest of Canada to encourage an overseas country such as the United Kingdom to earn dollars in order that it may be able to purchase more of our exports which form such a important part of our national income, and which are a factor in helping us to maintain our standard of living. Consequently it is submitted that as an important trading nation we should refrain from measures that would have the effect of further restricting the ability of our customers to earn the dollars they need to assist them in the purchase of our exports.

(7) It is the opinion of the Federation that the closing of the Canadian coasting trade of Canada to British-built ships would be a retrograde step. The Federation urges, therefore, that the existing coasting law remain unchanged, and respects the Royal Commission's favourable consideration of the views expressed herein.

Respectfully submitted,

THE SHIPPING FEDERATION OF CANADA

(Sgd) A.L.W. MacCallum
General Manager

CONSTANTINE CANADIAN SERVICES.

The Constantine Lines of Middlesbrough are one of the oldest established privately owned Steamship Companies in the United Kingdom, and during their lifetime have been primarily Shipowners with vessels trading to all parts of the world. Prior to the War breaking out in 1939 one of our main regular trades for many years was from the United Kingdom to St. Lawrence Ports with cargoes of Coal, returning to the United Kingdom from Canada with Gypsum, Grain etc. Indeed it may be remembered that the Port of Cheticamp was made suitable, at our instigation, for shipment of Gypsum by large ocean-going vessels.

Since the end of hostilities we have specialised in the Liner Trades for intermediate tonnage, and have a regular service from Glasgow to the Mediterranean Ports and vice versa.

In view of our close connections with Canada in pre-war days, it has always been our desire to foster shipping relations with that country, and with that in mind, numerous visits have been made by Executives of our Company to Canada during the last few years. The result has been that we felt there was an opening for a Liner Service from the Great Lakes Ports to Newfoundland (in addition to the service already being run by another British Line). It was therefore decided to alter, at considerable expense, two of our vessels and make them suitable for this particular trade.

We have now been in this service for three seasons and are running regularly every ten days from the Canadian Lake Ports to St. John's, Newfoundland. The essence of this service is that it enables many of Newfoundland's imports to be shipped direct from Hamilton and Toronto to Cornerbrook and St-John's, thus avoiding the additional transshipment and handling costs which other means of transport would entail.

Considerable costs have been incurred in the development of this service and we feel that the fact that we were prepared to commit ourselves in this way provides ample evidence, if such is needed, of our genuine long-term interest in the development of this trade.

There is not doubt whatever that this direct service is welcomed by the merchants in Newfoundland. They encouraged its commencement in 1950 and their continued support since then has resulted in its steady development and increased sailings.

For this and the reasons set out below, we therefore submit to the Royal Commission that there should be no alteration in Canadian maritime legislation which would deprive our Company of participating in the provision of this specialised transport service which has already proved its worth and which we are confident will increasingly do so as the trade between the mainland and Newfoundland develops.

1. By reason of Newfoundland being an Island it is essential for the wellbeing and economy of the Province that they have adequate transport facilities provided for them, and the all water route from Canadian Mainland Ports provides this for package freight imports.
2. The competition provided by the various routes of transport for this trade ensures that freight rates are kept to a minimum.
3. Vessels employed on the package freight trade importing goods to Newfoundland are available to provide an opportunity for the transport of the Island's produce to the Mainland, for example, Flourspar in bulk, Cement, Gypsum Products, Woodpulp, Fish and various minor manufactures which is absolutely essential if those products are to be successfully marketed on the Mainland.
4. Regulations concerning the bulk cargo trade operating between Canadian Ports should not be interfered with, as in the event of cargo not being available from Newfoundland, this cargo could help vessels Westbound and thus assist in maintaining a low level of freight rate on the package freight imports to Newfoundland. Also, in the event of strikes or difficulties in Newfoundland resulting in vessels temporarily not being handled in that Island, vessels employed in the package freight trade could be locally re-deployed as a temporary measure and thus be readily available on a resumption of normal trade.

ZWICKER & COMPANY, LIMITED

Lunenburg, Nova Scotia,
Canada

Zwicker & Company, Limited, was established in 1789. During these 166 years of operation we have been actively engaged in vessel ownership and operation. Since approximately 1929, the mid-way date of changeover from sail to motive power in fishing vessels and the smaller type of coasting vessels up to about 500 tons, we have been interested observers and students of the many changes and trends that have taken place in the overall picture, including the operation of the larger steamers that we now have to use to get our fish to southern markets.

While your terms of reference do not ask you to inquire into the reasons for the fast disappearing "ocean-going" Canadian Merchant Marine, nevertheless, we think this matter is urgently linked with your terms of reference, in fact dominates them.

It is our opinion that since ocean shipping and fishing have to compete in world trade the Canadian Merchant Marine is restricted in: --

(a) in having to pay duty when purchasing a ship in the lowest cost market;

(b) if operating under Canadian register, in having to deal with labour unions that are in themselves a complete monopoly. In this regard we have always contended that it is not possible to operate ships intelligently and economically in being forced to recognize labour unions because of the fact that the business of operating ships is so entirely different from that of any land operation. Most unfortunately, this has never been recognized by our legislators. A Captain having to operate his ship under a labour agreement is no longer Master of his ship.

We would also like to submit that the rules and regulations of the Canada Steamship Act and Canadian Steamboat Inspection as applied to some fishing craft of the smaller type of coasting vessels up to 500 tons, are a hindrance to economical operation, the more particularly so when the fishing craft has to operate about half the year as a coasting vessel.

In closing we would like to go on record as being entirely against protection for our ship-building industry and also the operation of the coasting trade from one place in Canada to another place in Canada, and feel that any good that will be developed in connection with the St. Lawrence Seaway will be cancelled if it is only to apply to Canadian ships.

ZWICKER & COMPANY, LIMITED

(sgd) F. Homer Zwicker

F. Homer Zwicker,
Managing Director.

SUBMISSION TO ROYAL COMMISSION
ON COASTING TRADE OF CANADA

by

Clarke Steamship Company Limited
Terra Nova Steamship Company Limited
Gulf Ports Steamship Company Limited
La Cie de Transport du Bas St. Laurent Ltée
Magdalen Islands Transportation Co. Ltd.
La Traverse Rivière-du-Loup-St-Simeon Ltée

SERVICES PERFORMED

The following are the regular coastal services operated by the undersigned companies:-

Clarke Steamship Company Limited:

(a) Services between Montreal and Quebec and all points on the North Shore of the St. Lawrence from Baie Comeau to Blanc Sablon, during the period from about April 10th to December 1st each year;

(b) A service between Montreal and Quebec and Ports on the South Shore of the St. Lawrence from Cap Chat to Gaspé and the Magdalen Islands, during the period from about April 10th to December 1st each year;

(c) A Winter Service between Pointe au Pic and Ports on the North Shore of the St. Lawrence from Baie Comeau to Havre St. Pierre from about December 1st to March 31st.

Terra Nova Steamship Co. Ltd.:

(a) A service between Montreal, P.Q. and St. John's, Newfoundland, including calls at St. Lawrence, Bay Roberts and Carbonear, during the period of about April 15th to December 1st each year;

(b) A service between Saint John, N.B., Halifax, N.S. and St. John's, Newfoundland, during the period from about December 1st to April 15th.

Gulf Ports Steamship Co. Ltd.:

A service between Montreal, P.Q. and Corner Brook, Newfoundland during the period from about April 15th to December 1st each year.

La Compagnie de Transport du Bas St-Laurent Limitee:

Services between Rimouski or Matane and Forestville and Ports from Baie Comeau to Seven Islands on the North Shore of the St. Lawrence, during the period from about March 10th to December 15th each year.

Magdalen Islands Transportation Company Limited:

A service from Pictou, N.S. or Charlottetown, P.E.I. and Grindstone, Amherst and Grand Entry in the Magdalen Islands, during the period from about April 15th to December 20th each year.

La Traverse Riviere du Loup St. Simeon Limitee:

A ferry service from Riviere-du-Loup to St-Simeon three times daily, during the period from about June 1st to September 30th each year.

PRESENT POSITION

At the present time, the Coasting Trade of Canada is governed by Part XIII of the Canada Shipping Act, (Chap.29 Revised Statutes of Canada 1952) which comprises Sections 669 to 673, inclusive of that Act. This Part provides that no goods shall be transported by water or by land and water from one place in Canada to another place in Canada, whether directly or by way of a foreign port or for any part of the transportation in any ship other than a British ship. Similar provision has been made with respect to the transportation of passengers and penalties are provided for the contravention of these provisions.

It is further provided that no "foreign-built" British ship, regardless of where she is registered, is entitled to engage in the Coasting Trade of Canada without a licence obtained from the Minister of National Revenue. However Section 669 (2) of the Act provides that any foreign-built vessel captured or seized during World War I by British forces or Nationals or during World War II by British Commonwealth forces or Nationals and condemned as prize of war or ceded by enemy states to any part of the British Commonwealth or its Nationals as reparations, and registered as a British ship, shall for the purposes of Part XIII of the Act and of the Customs Tariff be regarded as a British built ship and as entitled to engage in the coasting trade. In order for a foreign-built British vessel to obtain a licence from the Minister of National Revenue, it is necessary that a duty be paid of twenty-five per centum (25%) ad valorem on the fair market value of hull, machinery, furniture and appurtenances of such vessel. Section 673 provides that exceptions may be made to the foregoing by the Governor General in Council.

It is the custom of the Department of National Revenue to issue coasting licences to British ships, other than those which are "foreign-built", upon submission to that Department of proof that the ships are entitled to operate in the Coasting Trade of Canada and upon the execution by the master and two others, usually officers of the Company operating the vessel, of a Coasting Bond (Form D-11) in the amount of Five hundred dollars (\$500.00). The requirements to obtain this Coasting Licence, in addition to the filing of the said Bond, are as follows:-

- 1) Establishing that the ship was British built, that is, built in some part of the British Commonwealth of Nations or that it comes within the description of the special exceptions referred to above;

- 2) Production of a Certificate of British Registry to establish that she is a British ship, that is, registered in some part of the British Commonwealth and wholly owned by British subjects; and
- 3) That her officers are properly certificated with British Certificates of Competency.

However, a coasting licence is not required in order for a British-built British vessel to operate in the Coasting Trade of Canada, but is a convenience in order that the various requirements might not have to be established to the Collector of Customs in each place from which the vessel may clear. The Coasting Bond referred to above, requires compliance with the "Coasting Regulations of this Dominion", but no such Regulations have been issued.

Section 22 of the Canada Shipping Act provides that no vessel built outside of Canada may be registered in Canada without the consent of the Minister of Transport. No rules have been promulgated by the Minister who has absolute discretion in this matter. It has been the policy of the Minister to refuse permission to register vessels which were built more than 5 or 6 years application is made for their registration or vessels of a type not considered desirable by the Minister. We therefore have the anomaly that although the Minister may refuse to allow a British built vessel to be registered in Canada, such vessel could operate in the Coastal trade of Canada under British registry in competition with vessels registered in Canada and operated under Canadian conditions.

It is provided by Section 54 of the Customs Act, Chapter 58 R.S.C. (1952), that equipment purchased or supplied or repairs made in a foreign country upon a vessel intended to be employed or which is later employed in the Coasting Trade of Canada, is dutiable if the vessel arrives in Canada within one year of the time such equipment is purchased or such repairs are carried out. An exception is made for emergency repairs. The duty with respect to such repairs is twenty-five per centum (25%) ad valorem of the expenses of the repairs and with respect to the equipment, is the same duty as would have been charged had such equipment been imported into Canada in the ordinary course. The Department of National Revenue (Customs & Excise) interprets the words "foreign country" as used in this context to mean any country other than a country within the British Commonwealth of Nations.

This means that a British built British ship may have new equipment, such as generators and propellers, installed or fitted in a British shipyard and then operate immediately in competition with Canadian vessels which would be required to pay duty on such equipment if imported into Canada to be installed or fitted on such vessels in a Canadian shipyard. Moreover in applying this provision, it has been held by the Department that "repairs" do not include alterations, modifications or improvements. Consequently, under the present wording of these provisions as interpreted by the Department, a ship built in the British Commonwealth may have substantial modifications or alterations carried out to her in a foreign country (outside the British Commonwealth) and may still engage in the coastal trade of Canada within the next twelve months without payment of any duties in respect of such modifications and alterations.

Similarly Section 55 of the Customs Act provides that surplus stores of vessels arriving in Canada shall be subject to the same duties and regulations as if imported as merchandise; however, if the owner or master desires to warehouse the same for reshipment for the future use of the vessel, the Collector may permit him to do so.

The following is a summary of the advantages of British registered vessels over Canadian registered vessels in operating in the coastal trade of Canada:-

1. Wage Cost - Wage Costs including fringe benefits which are over 50% lower on British ships than equivalent Canadian vessels, amounting to about \$5,000.00 per month on a medium sized Coastal vessel.
2. Amenities - Lower costs of food, quarters, etc. due to the lower standards which have to be met to satisfy personnel serving on British vessels.
3. Repair Cost - Repairs are carried out at lower cost in British yards.
4. Alterations, modifications or improvements - Carried out in British or foreign yards at lower cost than in Canadian yards, as is normally the practice with Canadian registered vessels.
5. Spare Parts & Equipment - No duty paid on these parts and equipment built in England and installed in British yards. Canadian vessels must pay duty on these parts when imported into Canada for installation on their vessels in a Canadian yard.
6. Administration Cost - Administration, accounting, etc. is carried out in England where lower costs for clerical help prevail.
7. Taxes - No corporation tax paid to Canada on profits made in this country. Very little Canadian sales tax paid, as the majority of expensive materials, parts, replacements, stores, etc. have been provided in England before the vessel reaches the Canadian shore. Income taxes of personnel used on the vessel and in administration not paid to Canada.
8. Foreign-built British vessels - May be employed on paying the 25% duty and even in some cases, a pro rata monthly duty. British-built vessels which may not be approved for registration in Canada by a Canadian owner are allowed to operate in the Canadian Coastal Trade, which is actually a discrimination against the Canadian owner.

DESIRABILITY OF CHANGE

At the present time not only British vessels registered in Canada but all British vessels no matter in which part of the Commonwealth they are registered or manned, are given the same opportunity to operate in the Coasting Trade of Canada, with the proviso that is such vessels, whether registered in Canada or any other part

of the British Commonwealth, are not British-built, they must first obtain a licence from the Minister of National Revenue upon payment of the twenty-five per cent (25%) duty referred to above.

If vessels registered in Canada could compete economically with vessels registered in Great Britain or other parts of the British Commonwealth, it might be argued that no restriction should be placed on British ships which are not registered in Canada operating in the coasting trade of this country, although even under those conditions many countries afford protection to their own vessels in their coastal trade in much the same way as air line companies of one country are seldom, if any, permitted to carry passengers or air cargo from one place to another in a foreign country. However, the situation with respect to coastal shipping is even more serious than this. The costs of operating vessels registered in Canada, with Canadian wages and working conditions and with repairs and overhauls carried out in Canadian shipyards and with Canadian labour, are substantially higher than the costs of operating vessels registered in other parts of the British Commonwealth and, in particular, in Great Britain. The Canadian Maritime Commission has given a great deal of study to these comparative costs and no doubt their information and findings on this subject have been and will be made available to this Royal Commission.

The competitive advantage of vessels registered in the United Kingdom and other parts of the Commonwealth has been further accentuated by the devaluation of Sterling and allied currencies. Competition from British vessels has also been given impetus by the desire of the British Government to obtain Canadian dollars and by the increase in competition between vessels engaging in world trade. It is obvious that if British vessels are permitted to operate in the Canadian Coasting Trade that they will be able to drive out any competition from vessels registered in Canada, since they can be profitably operated on revenues which would not cover the operating expenses of a vessel registered in Canada.

Unless Canadian ships, that is ships registered in Canada and operated under Canadian conditions, are given protection against competition from vessels of other nations, including vessels registered in the United Kingdom and other parts of the Commonwealth, such Canadian ships will be in the same position in the Coasting Trade of Canada as Canadian vessels have found themselves in the international or deep sea trade. Operators of deep sea vessels registered in Canada have found that they are unable to compete with the operators of vessels registered outside of Canada and such operators have taken advantage of the opportunity given to them to transfer their vessels to United Kingdom registry. Under present conditions the coastal operators are finding that they are faced with the same problem with respect to the operation of Canadian registered vessels in the coasting trade of Canada. Indeed ships registered in Canada may find themselves competing with ships transferred from Canadian to British registry.

Competition from British vessels may not be practical for the time being in those trades where very small vessels are now engaged but competition from British ships registered outside of Canada has already reached serious proportions in certain important parts of the

Canadian Coasting Trade; particular mention might be made to the trade between Newfoundland and other parts of Canada. This competition has increased considerably over the past few years and is expected to increase in the future. Competition may also be expected from British vessels picking up cargoes in the Maritimes when proceeding inbound in ballast or with a partial cargo, for Quebec and Montreal, often at what may be termed "sacrifice rates". With the developments on the North Shore of the Gulf of St. Lawrence as well as the development of the St. Lawrence-Great Lakes Seaway, further opportunities for competition from vessels registered in the United Kingdom and other parts of the Commonwealth may be anticipated.

If Canada is to retain any merchant fleet and any body of men capable of manning its vessels in time of war or emergency, it is necessary that protection be given to the operation of vessels registered in Canada in its Coasting Trade, particularly in view of the decline of Canada's deep sea fleet. It is not alone the vessels which are maintained in operation in the coasting trade or even the trained men who man them and who would form a nucleus for expansion in time of need which must be considered, but also the shipyards and trained shipyard workers whose services are used to repair and maintain in condition the vessels operating in the coastal trade.

It is submitted that it is necessary that action should be taken immediately to protect Canadian vessels and Canadian operators from competition which they will be unable to meet. The British Commonwealth Merchant Shipping Agreement, which was entered into between the Governments of the various parts of the British Commonwealth, does not permit immediate restriction of the Coasting Trade of Canada to vessels registered in Canada. One year's notice is necessary in order to change any of the provisions of that Agreement. This Agreement and particularly the provisions relating to the right of vessels registered in any part of the Commonwealth to operate in the Coasting Trade of any other part on the same terms as ships registered in such part, are entirely favourable to the United Kingdom and possibly to some other parts of the Commonwealth and are and have been of no benefit to Canada; on the contrary, for the reasons submitted above, they are a serious detriment to Canada. It is recognized that vessels registered in Canada could never compete with vessels registered in the United Kingdom in the Coasting Trade of Great Britain. It is noteworthy that the United Kingdom permits not only British vessels registered in other parts of the Commonwealth but also any foreign vessels to operate in its coasting trade (unlike Canada where the Coasting Trade is restricted to British-built British vessels, with certain exceptions). We understand, however, that the British Government has been seriously concerned in recent years by competition received by British vessels operating in its Coasting Trade from Norwegian and other foreign vessels and is considering restricting its Coasting Trade, although probably such restriction will be merely to British ships; and this notwithstanding the fact that British operating costs can be favourably compared to Norwegian costs.

It is realized that there are certain vessels registered in Great Britain which are now and have been for some years operating in Canada's Coasting Trade in trades which are not now competing with Canadian registered vessels and that it might be inadvisable to prevent such vessels from continuing to engage in our Coasting Trade without adequate warning; exceptions to the policy we are recommending might be made for limited periods with respect to these vessels, particularly if it is found that there are no vessels registered in Canada which are in a position to carry out the service being performed by such British vessels.

The question of restricting the Coasting Trade of Canada to vessels built in Canada will, no doubt, be raised before this Commission and in this connection we wish to bring up the following for your consideration:-

(1) Many of the ships engaged in the Coasting Trade of Canada are only operated in such trade during a period of seven to eight months in each year; an example of this are the vessels operating on the St. Lawrence and the Great Lakes. During the off season of navigation, some of these vessels are operated outside of Canada where they must compete with vessels of all the maritime nations of the world. These Canadian coastal vessels already are handicapped by higher costs of operation due to Canadian wage scales, cost of repairs in Canada as compared to other countries etc.; it is submitted that they should not be further burdened by having to absorb additional depreciation on the extra cost of building the vessels in Canada, as compared to other Commonwealth countries in an operation which, at best, is marginal. It is extremely desirable that these vessels continue to operate outside of Canada during the off season of navigation, if at all possible, as it certainly provides for more stability in the industry to be able to employ at least part of the crews during the Winter months.

(2) Moreover either now or in the future the building in Canada of certain specialized types of vessels may not be feasible or the cost of construction of such vessels may be disproportionate when compared to the cost of building similar vessels in the United Kingdom, due to lack of experience in design or construction and the specialized equipment necessary to economically build such vessels.

(3) The problem of whether or not to require the employment of Canadian-built vessels in the Coasting Trade of Canada is, in our opinion, quite separate and distinct from the problem of whether or not to require the employment of Canadian registered vessels in such Coasting Trade. A similar situation arises with respect to the carriage of passengers and freight by aircraft which is limited, in Canada and most other countries of the world, to aircraft owned and operated by Canadian or the nationals of such other countries, as the case may be. However, the importation of aircraft for use on Canadian domestic flights is treated quite differently. New aircraft and aircraft parts and engines may be imported into Canada under the British Preferential Tariff, free of charge. Although the Government of Canada has endeavoured to foster the Canadian aircraft industry, as indeed it has endeavoured

to foster the shipbuilding industry of Canada, Trans-Canada Air Lines, which is a Crown corporation and which is the chosen instrument of the Canadian Government for the carriage of passengers and freight on the major air routes of Canada, recently imported a number of "Viscount" aircraft built in England for use on its domestic service.

On the other hand, it is likely that the proposition will also be raised before this Commission that British registered ships be allowed to operate in the Coastal Trade of Canada in order to earn Canadian dollar revenues which are required to pay for British imports into Canada. The following are our views in this connection:-

(a) Britain should be given the opportunity to earn Canadian dollars by the export to Canada of ships and equipment for ships in the same manner as it now exports or has been exporting to Canada subway cars, electrical equipment and aircraft. However, in our view, ships registered outside of Canada should not have the right to operate in the Coastal Trade of Canada in competition with Canadian ships any more than aircraft owned and operated by other than Canadians are allowed to operate on domestic runs in Canada in competition with aircraft owned, operated and manned by Canadians.

(b) Historically, Britain was not interested in the Coastal Trade of Canada until comparatively recently, except for certain special bulk movements; it is only since 1949 that British ships have been engaged in the carriage of package freight between Canadian ports and particularly in the trade from ports in Ontario and Quebec to ports in Newfoundland. Accordingly, the closing of these coastal routes to British ships would not bar to British interests traditional sources of dollar revenue.

(c) On the other hand, the chief interest of British shipping companies in Canada has been in the operation of ocean services between Canadian ports and ports outside of Canada, that is in the international trade as opposed to the Canadian Coastal Trade. This situation has never been hampered and indeed has been encouraged by the Canadian authorities. For instance, Canada has never imposed the so-called fifty per cent rule, as was done by other countries, under which 50% of the traffic to and from the country concerned has to be carried in vessels flying the flag of such country - Canada has been content to allow its exports and imports to be carried in vessels of other countries and notably in the vessels which are registered in and operated from the United Kingdom.

(d) Participation by non-residents in Canada's Coastal Trade, which constitutes the carrying on of business within Canada, should not be treated more favourably than engaging in any other business in Canada. British companies which are interested in taking part in construction projects in Canada, notably in connection with the St. Lawrence Seaway, must either use Canadian equipment or if they use British equipment they must clear it through customs and pay duty thereon in accordance with the Customs Tariff. Moreover, they must also comply with and be subject to in all respects to the domestic law of Canada, including tax law, in respect of the operations carried on in Canada.

We might mention, in particular, that Clause 16 of the Department of Public Works' Dredging Specification requires that dredges used in carrying out work for the Department must have been registered in Canada on or before the December 31 preceding the date of the contract or constructed and registered in Canada since that date. Other Federal Government Departments have similar requirements. This clause was inserted as a result of a departmental decision and is designed to prevent irresponsible persons from submitting tenders and then importing plant to carry out the contract.

.....

If the Canadian Coasting Trade is restricted to Canadian registered vessels, but not to Canadian-built vessels, some modification of Section 22 of the Canada Shipping Act will be required; otherwise, the Minister in exercising the authority vested in him under the said Section might refuse to allow any ships built outside of Canada to be registered in Canada and thus, in effect, restrict the Canadian Coasting Trade to vessels built in Canada. This latter is a decision which, we submit, should be made by Parliament which should outline the conditions which must be complied with in order for the Minister to allow a vessel to be registered in Canada.

RECOMMENDATIONS

In view of the foregoing, we make the following recommendations to the Royal Commission on the Coasting Trade of Canada.

A. That steps be taken immediately to give notice to the Signatories to the British Commonwealth Merchant Shipping Agreement that it is the intention of Canada to change her Coasting Law so that the Coasting Trade of Canada will be restricted to vessels registered in Canada, owned, manned and operated by Canadians and that this change will be made on expiry of one (1) year from the date of the notice.

B. That legislation be introduced to restrict the Coasting Trade of Canada to vessels registered in Canada and which are owned, manned and operated by Canadians, such legislation to take effect one (1) year after the date of notice, referred to in Paragraph A above.

As mentioned above, provision might be made for the relaxation of the above rule for a period not exceeding four (4) years with respect to vessels now engaged in the Coasting Trade of Canada and which do not compete directly or indirectly with services performed by Canadian-registered vessels, when it is found that no vessels are registered in Canada which are available for such service, and no alternative means of moving the commodities can be made available. These exemptions should be granted at the discretion of the Minister on the recommendation of the Canadian Maritime Commission and no exception should be granted for more than twelve (12) months at any time but application might be made for renewal of such exemption during this transitional period.

C. While we consider that the Coasting Trade of Canada should not be restricted in future to Canadian built vessels, we suggest that in order to afford a fair measure of protection and encouragement to Canadian shipyards, the following measures be adopted:-

I. That Section 54 of the Customs Act be amended to the following effect:

- (a) the provisions of this Section should apply not only to repairs and equipment but also to all modifications, alterations, changes and outfitting of vessels which are later operated in the Coasting Trade of Canada and, in the case of major modifications, alterations or changes, the period of one (1) year should be extended to five (5) years;
- (b) the provisions of this Section should apply to all repairs, modifications, alterations, changes and outfitting of and to equipment and parts supplied to or installed on vessels outside of Canada, whether within or without the British Commonwealth.

II. That all inducements presently offered to encourage the building of ships in Canada be continued, including the provisions of the Canadian Vessel Construction Assistance Act.

III. That if some further protection is required, a duty or sales tax on ships built in the Commonwealth but outside of Canada be fixed at 10% of their cost or value, as the case may be, and that foreign-built (outside the Commonwealth) vessels, with the exception of vessels mentioned in Section 669(2) of the Canada Shipping Act, be excluded under all circumstances from the Coasting Trade of Canada.

IV. That the absolute discretion of the Minister under Section 22 of the Canada Shipping Act with respect to consent to registration in Canada of ships built outside of Canada be modified so as to give a shipowner resident in Canada the right, in stipulated circumstances, to register British built vessels in Canada and to provide that vessels which are over ten (10) years old at the time application is made for registration be not allowed to be registered in Canada. This period of ten years, although arbitrary, is the period stipulated in Section 10 of the Transport Act, which Section provides that permits will not be granted to vessels which were more than ten years old when imported into Canada.

Should the above recommendations be implemented, the operators of vessels registered in Canada will be protected, at least in part, from unfair competition from vessels employing personnel at lower wages and obtaining equipment and having repairs carried out in foreign countries, without benefit to Canadians or Canadian shipyards and at lower costs than such repairs

can be made or carried out in Canada. At the same time, the interests of Canadian shipyards will be afforded reasonable protection.

This course of action is necessary if Canada is to continue to have any merchant marine and if Canada's Coasting Trade is going to continue to be serviced by vessels registered in Canada and manned by Canadians and will be beneficial to the many Canadians employed directly and indirectly in this industry and to Canada as a whole.

MONTREAL, P.Q., 24th June, 1955.

LA CIE DE TRANSPORT DU BAS
ST. LAURENT LTEE.

J. A. Brilliant, President

TERRA NOVA STEAMSHIP CO. LTD.

Desmond A. Clarke, President

LA TRAVERSE RIVIERE DU LOUP -
ST. SIMEON LIMITEE

H. Provencher, President

CLARKE STEAMSHIP CO. LTD.

D. A. Clarke, President

GULF PORTS STEAMSHIP CO. LTD.

S. H. Clarke, President

MAGDALEN ISLANDS TRANSPORTATION
COMPANY LIMITED

C.V. Bolduc, Secretary-Treasurer

BRIEF
OF
THE CANADIAN INDUSTRIAL TRAFFIC LEAGUE (INC.)
TO THE ROYAL COMMISSION ON COASTING TRADE

The Canadian Industrial Traffic League (Inc.) (Inc.) is a national organization of industrial and commercial traffic managers. Its 850 members are, in the course of their daily work, engaged upon the task of securing for their companies transportation services which are safe, adequate and economic.

The submissions made herein are an attempt to bring to this inquiry the views of those who directly pay the freight charges which constitute the revenues of the steamship companies operating in the coasting trade of Canada. It should be pointed out that nothing herein contained shall be deemed to abridge in any way the right of any member of the League to make submissions elaborating hereon or differing herefrom.

As we understand it, this Royal Commission will not deal with what might be termed the foreign water-borne trade, viz. that trade which is being carried on by ships of any registry between overseas points and places in Canada, including the Great Lakes. Without derogating from their importance we are, therefore, not commenting on such services.

The decision of the Canadian and United States Governments to build the St. Lawrence Seaway appears to have been based, apart from consideration of defense and power requirements, on the assumption that substantial savings in transportation charges and improvements of shipping facilities would result from the completion of this enormous project. Shippers generally welcome the opportunity which will be afforded them to use low cost water services to an increased extent. It would, in our opinion, be a retrograde move to place obstacles in the way of the fullest utilization of the St. Lawrence Seaway.

As the pertinent legislation stands now "vessels built and registered anywhere in the British Commonwealth may carry passengers and cargo from one place in Canada to another without payment of duty. Vessels which, although registered in the Commonwealth, were built outside the Commonwealth, may also engage in our coasting trade upon payment of a 25 per cent ad valorem duty. Vessels registered outside the Commonwealth are not admitted to participation in Canada's coastal trade save in exceptional circumstances and in such cases they are assessed customs duty." //

Commonwealth - registered ships, presently entitled to participate in Canada's Coasting Trade, are playing an important part in the furnishing of low-cost and efficient services. They provide an element of competition which tends to have a significant influence not only on water carriers of Canadian registry, but also on other agencies of transportation.

It is our submission that this competition is wholesome and should be allowed to continue without restriction.

It is our further submission that, in the absence of rate and service regulation of bulk carriers by water (with the exception of grain), the maintenance of the keenest competition possible is even more desirable than ever in the interests of protecting the users of their services.

Apprehension has been voiced by the Lake shipping and the ship building and repairing industries that British registry vessels will, on completion of the St. Lawrence Seaway, enter the Lakes in great numbers. At this stage, all forecasts of future traffic patterns must, of necessity, be presumptive. In fact, expert evidence has been conflicting with regard to these patterns. Equally presumptive, of course, but regarded with a good deal of confidence by the users of their services, is the ability of Canada's domestic shipping operators and shipbuilders to adapt themselves to the opportunity which the Seaway offers and to apply their experience and efficiency to any challenge which may arise. The Royal Commission may wish to obtain information from the industries concerned on what efforts could be made by them to reduce their costs.

Representations will undoubtedly be made to this Royal Commission advocating restrictions on non-Canadian shipping to the end that Canada may have, among other things, a trained pool of seamen and a vigorous ship buildings and ship repairing industry, all capable of instant utilization in the event of an international conflict.

We consider it beyond the competence of our organization to deal with such considerations in this submission. We do, however, respectfully say that expenditures which are properly attributable to the national interest should on no account be met by only a segment of the nation. Canadian users of coasting vessels should not be asked to pay higher rates and charges to defray the costs of a national shipping policy.

The submissions made herein are of a general nature. It is our understanding that the Commission will afford us the opportunity of making further representations.

The whole respectfully submitted.

H. A. Mann,
General Secretary.

Dated at Toronto, Ontario,
June 28, 1955.

BRIEF OF THE NEWFOUNDLAND-GREAT LAKES
STEAMSHIPS LIMITED TO THE ROYAL COMMISSION
ON COASTAL SHIPPING

The following is respectfully submitted for the consideration of the Royal Commission on Coastal Shipping, and is forwarded on behalf of The Newfoundland-Great Lakes Steamships Limited.

1. The Newfoundland-Great Lakes Steamships Limited is a Canadian company, incorporated in 1948 prior to Newfoundland's confederation with Canada, pursuant to the laws of Newfoundland, and having its Head Office in the City of St. John's, Newfoundland. The Company is owned by Canadians.

2. (a) The Company operates a direct package freight service between Great Lakes ports and Newfoundland, and charters vessels of United Kingdom registry, and has three such vessels under charter and in service.

(b) The Company is primarily concerned with trade and shipping between Newfoundland and the other Maritime Provinces on the one hand, and the Great Lakes area on the other.

(c) In the operation of its vessels the Company purchases bunkers, provisions, food and other supplies from Canadian suppliers, and, in addition, spends hundreds of thousands of dollars in costs relating to its operation, such as stevedoring, terminal operation and trucking, all of which inure to the benefit of Canada as a whole.

(d) With a view to improving the facilities required for this particular operation, the Company had a ship specially built for the Newfoundland service. This ship, M/V "DUNDEE"

entered the Newfoundland-Great Lakes service in the Spring of 1954, providing the only refrigerated service by water for Newfoundland frozen fish direct to the Great Lakes area.

3. From Newfoundland to the Great Lakes ports the principal cargo items are cement, fluorspar, scrap iron, gypsum lath and plaster, and, of course, fish, being the produce of the Province of Newfoundland. These commodities are carried for distribution in the Great Lakes area, and ports of destination include United States ports as well as Canadian.

4. Cargoes eastbound from the Great Lakes area to Newfoundland include the manufactured products from the Great Lakes industrial area as well as the essential food products required by the people of Newfoundland.

5. This Company inaugurated the service in 1949, following the Confederation of Newfoundland with the other Provinces of Canada. Prior to Confederation with Canada the Province of Newfoundland was free to employ vessels of foreign registry (in addition to Commonwealth registry) between Canada and Newfoundland. Since Confederation, the use of foreign vessels in this service has been eliminated, and it is now restricted to vessels of British registry (including Canadian). Any abandonment of the Commonwealth Agreement of 1929 would restrict this trade to vessels of Canadian registry. Any such repressive measures would have an adverse effect upon the economy of Newfoundland.

6. It is submitted that this Company, with its use of British registered vessels, has played a major role in maintaining a balance (insofar as the transportation factor is concerned) in the economic life of the Province of Newfoundland, both with respect to the sale of the products of Newfoundland and in the purchase of the goods required by it.

7. THIS COMPANY RESPECTFULLY SUBMITS that this Royal Commission on Coastal Shipping should find as a fact that

(a) The restriction of the coastal trade between Newfoundland and the other Maritime Provinces, on the one hand, and the Great Lakes area, on the other, to vessels of Canadian registry would result in higher freight rates.

(b) The use of vessels of United Kingdom registry in the trade between Newfoundland and the Great Lakes ports has benefitted the people of Canada and the Maritimes in stabilizing freight rate levels, in the same manner as the Panama water route is the deciding factor on trans-continental rail rates.

(c) It would be contrary to the interests of the Province of Newfoundland, and of industry located in Central Canada, to enact any legislation which would serve to increase the transportation factor in the cost of coastal traffic to and from Newfoundland.

(d) In any finding or decision on coastal shipping, cognizance must be taken of the spirit of the Maritime Freight Rates Act.

(e) Any increase in the transportation factor of coastal shipping would be reflected in Canada's trade and industry, in that higher coastal freight rates would make the products of foreign countries more competitive in Canadian markets, and any such change would therefore be adverse to the best interests of Canada.

(f) Certain industries in Newfoundland and the other Maritime Provinces could not carry on if forced to ship exclusively on vessels of Canadian registry.

(g) The use of United Kingdom registered vessels in the coasting trade has been of benefit to Canada.

(h) The abrogation of the Commonwealth Agreement would have a negative effect on Canada's external relations, in that the purchasing power of the Canadian dollar in the payments for vessels built or chartered in the United Kingdom is an important factor with respect to the dollar balance between the United Kingdom and Canada.

(i) It is not desirable to restrict the international trade on the Great Lakes to vessels of Canadian or American registry.

8. THIS COMPANY RESPECTFULLY SUBMITS that this Royal Commission on Coastal Shipping should recommend as follows:-

(a) That the Commonwealth Agreement of 1929 be maintained in its present form.

(b) That no legislation should be enacted which would increase the transportation factor insofar as the Province of Newfoundland and the other Maritime Provinces are concerned.

(c) That there be no change with respect to the existing situation on the Great Lakes,

insofar as traffic between Canada and the United States is concerned.

ALL OF WHICH IS RESPECTFULLY SUBMITTED.

H. L. Rowntree

of Counsel for The Newfoundland-Great Lakes
Steamships Limited.

DATED at Toronto, Ontario, this 24th day of June, 1955.

TO THE ROYAL COMMISSION ON COASTING TRADE

BY

CANADIAN PULP AND PAPER ASSOCIATION

1. This brief is submitted on behalf of the Canadian Pulp and Paper Association, whose membership includes pulp and paper companies throughout Canada. The members of the Association produce over 97 per cent of all pulp and paper manufactured in Canada. They vary in size from relatively small companies to large companies operating a number of mills in several provinces. The pulp and paper mills are scattered across Canada, in British Columbia, Manitoba, Ontario, Quebec, New Brunswick, Nova Scotia and Newfoundland. They vary also in the nature of their operations - some manufacture only one product and others many different products; and in the nature of their markets - some selling only to the Canadian market, others to North American markets and still others to many markets throughout the world.
2. It is obvious that such a diverse group will have differing opinions and different degrees of interest in many of the particular subjects referred to this Commission for study and report. In the time available for the preparation and submission of briefs it has proved impossible to obtain the necessary unanimity of opinion on all matters requiring determination by the Commission, for inclusion in a brief from the Association. However, there are a number of facts and opinions of a general nature concerning the pulp and paper industry of Canada which may be of some value to the Commission in its work. These will be put forward in this brief, on behalf of the industry as a whole. Discussion of other points will be left to the decision of individual companies, should they wish to take the opportunity of appearing before the Commission.
3. The Canadian pulp and paper industry is predominantly an export industry. Of its current gross value of production of about \$1,200,000,000 annually, more than \$925,000,000 of goods are exported, or over 75 per cent. At present these exports are largely made up of newsprint and pulps, but there are substantial quantities of fine papers, paperboard, wrapping papers and specialties which go to export markets and, if any easing of tariff restrictions or monetary difficulties by foreign countries occurred, the volume of this other traffic could greatly increase. Present exports of pulp and paper provide about 23 per cent of all Canadian exports, and about 34 per cent of all goods shipped to the United States. The industry employs about 65,000 Canadians in its mills and offices and its permanent woods establishment and some 150,000 workers for shorter periods during its seasonal woods operations. It spends annually over \$200 millions on transportation of all kinds, \$100 millions on chemicals, nearly \$50 millions on fuel, \$33 million on electricity, over \$20 millions on food and fodder and more than \$200 millions in taxes and other payments to governments. Operations

of this magnitude are obviously of major importance to the whole Canadian economy and the continued health and well-being of this industry are clearly of vital interest to all Canadians.

4. In considering the nature of this pulp and paper industry, particularly in an inquiry such as this which is not made every year, it may be important to avoid judging it entirely on its present scale of operations, substantial though they now are. The future growth and size of the industry should also be considered. There is no doubt that this is a rapidly expanding industry and there is every reason to believe that this expansion can continue over the next decade and beyond. Between 1945 and 1954, there was a total capital investment of \$720 millions, and in the same period \$510 millions were spent on maintenance and repairs. The industry today in terms of volume of production is 70 per cent larger than it was in 1945, and in terms of capital invested is 60 per cent larger. There is every reason to believe that a similar growth is possible in the next decade. The demands of the free world for pulp and paper products are growing even faster than the percentage growth of population, as literacy increases and economic advance takes place. Until such time as tropical hardwoods and other fibre sources can be used as raw materials in large scale production or until Russia enters world markets, the forest reserves of North America provide the principal basis for this expansion of pulp and paper production by industries experienced in manufacture and geographically situated to meet world demands. The Canadian industry is, subject only to one qualification, well able, through its raw material reserves, its adequate power resources and its manufacturing experience, to supply a substantial part of increasing world demands for pulp and paper.
5. The one qualification arises from the question whether this Canadian industry can keep its costs competitive with those of other world producers. In the past, Canadian producers have had some cost advantages - particularly for such mass-produced commodities as newsprint and pulps. Abundant, near-by forests provided lower pulpwood costs; labour rates were somewhat lower than those in the United States; relatively cheaper power was available; and the great expansion of the Canadian industry came at a time when mills could introduce the technological advantages of high-speed mass production. But those cost advantages in world competition have now virtually disappeared. The great increases in volume of production have required the use of forests farther and farther away from the mills with a resultant rise in the cost of pulpwood; labour rates have generally increased to parity with U.S. levels; other and newer power sources and rising Canadian costs have narrowed the earlier advantages of Canada's cheap hydro-electric power; and mills in other countries have equal benefits from high-speed mass production. This Canadian industry which has always been conscious of costs must now enter world markets with few of its traditional cost advantages. To maintain its present volume of production and to claim a share of the larger new demands that will

be made for pulp and paper products throughout the world, the Canadian pulp and paper industry must find ways to keep its costs from rising and to cut its present costs.

6. In the competitive race between producers of pulp and paper, transportation costs are emerging as the most serious single problem facing Canadian producers. They are the second largest element - behind wages - in the industry's over-all cost structure and they have always been a competitive disadvantage for the Canadian mills, which tended to off-set many of the other advantages they enjoyed. The relatively small domestic market and the distance to be covered in reaching large markets throughout the world have in the past made transportation a higher percentage of total costs than for many other producers of pulp and paper. With the reduction or disappearance of the earlier advantages in other cost factors, the disabilities from higher transportation costs assume vital importance. The Canadian pulp and paper industry must therefore take a lively interest in any new developments which might reduce transportation costs, and equally in any proposals which might add to presently high costs for the movement of incoming raw materials and out-going products.
7. The development of the St. Lawrence Seaway can result in many advantages to the Canadian pulp and paper industry. It should permit a wider range for the supply of necessary raw materials - particularly pulpwood, coal and sulphur. It should facilitate the movement of finished products to Canadian and American destinations. It should render overseas markets accessible to many mills that have hitherto been confined to North American markets. However the realization of these potential advantages will depend on the regulations and rates applicable to the movement of goods on the Seaway system. If the rates are made artificially high, these advantages will never be attained and the investment of hundreds of millions of Canadian funds will be largely unproductive. If only as substantial taxpayers, Canadian pulp and paper companies must take an interest in seeing that the Seaway investment produces sound results. Unless the Seaway produces lower transportation costs for Canadian shippers, there can be little justification for the expenditure of such large amounts of public moneys.
8. Of the products of the industry, newsprint and pulps provide 98 per cent of the movement of products in international trade. Both newsprint and pulps generally do not encounter tariff barriers in entering other countries. It appears unlikely that other pulp and paper products will ever materially contribute to Canada's export trade until they are similarly admitted duty free into other countries. As an international trader, therefore, this industry is a free trader and must face the competition of producers in other countries in open markets. An industry that sells its goods

in open world competition must watch its costs, including the costs of the goods and services which affect the prices at which its products are sold. Unless it has some other competitive advantages, it cannot afford to sell in an open market and buy in a protected one.

9. Of Canada's overseas markets for newsprint and pulps the United Kingdom is, by a wide margin, the most important. In 1954, Britain took 38% of our overseas newsprint exports and this year the proportion is likely to be substantially higher. In 1954, Britain took over 53% of our overseas pulp exports. This trade with Britain (newsprint and pulps combined) had an export value in excess of \$63 millions and is a substantial and valued part of the pulp and paper industry's business. However, substantial and important though these present totals are, they do not adequately measure the potential of export business to the United Kingdom in pulp and paper products. Wartime restrictions in the United Kingdom and severe monetary restrictions have continued for longer than for most other countries. As a result, consumption has been held down but there is now evidence of an upswing in the United Kingdom economy which offers new opportunities for Canadian exporters of pulp and paper products - newsprint, pulps, and, in smaller amounts, paperboard, wrapping papers and specialties. In the five pre-war years (1935-1939) newsprint exports to the United Kingdom averaged nearly 347,000 tons per year. But in the five years from 1950-1954, such newsprint exports averaged only 131,000 tons per year and last year only reached the level of 259,000 tons. In pulps, Canada's prewar shipments to the United Kingdom were relatively low in volume, averaging 65,000 tons between 1935 and 1939. The Scandinavian countries were then, as they are now, the largest suppliers to the British market. But in the last five years, with the rapid over-all growth of world demand, this pattern has been changing. Europe's, and particularly the United Kingdom's, dependence on pulp imports from Canada has been increasing: in 1950 our pulp exports to Britain totalled 118,000 tons; in 1954 the total reached 271,000 tons and this trend is expected to continue. There is every reason to believe that the United Kingdom will, in the next decade, be a growing market for Canadian pulp and paper products. It may well be one of the fastest growing markets for these products in the world. However, it can only be maintained and expanded if the United Kingdom has the dollars to purchase Canadian goods. To the extent that the United Kingdom's dollar earnings are dependent on its shipping and ship-building industries. Canadian pulp and paper exporters must be concerned over any restrictions on these industries which would reduce their dollar earning capacity.
10. Admittedly, some of these general considerations may lie outside the particular reference to this Royal Commission in its study of the coasting trade of Canada. It would appear that rates on the international movement of goods may not form part of the Commission's recommendations.

However, the pulp and paper industry is concerned about the inductive effect of rates for coastal shipping on international rates. If restrictive regulations on coastal traffic drive up rates on movements between two Canadian ports, there is danger that rates on international traffic will be affected. If the principle of restricted competition is accepted today for traffic between Montreal and Fort William, it is difficult to see how it can be resisted tomorrow on traffic between Montreal and Duluth.

11. There is a substantial movement of raw materials for the Canadian pulp and paper industry and of its finished products in the coasting trade of Canada. Statistics of the present volume of this traffic are not available in detail but there is some evidence that the percentage of total shipments of pulp and paper products by water has been increasing and a reasonable expectation that the seaway will accentuate this trend. The present movement of pulpwood, coal and sulphur and the smaller movement of pulp and paper products from one Canadian port to another probably provides no yardstick for what might be moved when the Seaway is completed. As their production grows, the mills are reaching farther and farther afield to obtain their increasing requirements of pulpwood. They need more coal and sulphur. As the Canadian population increases, there will be larger movements of finished products to Canadian destinations. The way in which this increasing volume of both in-bound and out-bound traffic moves will be determined by the competitive relations between the rates charged by coasting vessels and those of other means of transportation. It is impossible to speculate on the results at any given level of rates. All that can be said is that there is in this industry a substantial present volume of traffic and a much greater potential volume likely to develop. The maintenance of the present level of traffic and the acquisition of the new traffic that is coming will depend on the rates that will apply under the new conditions that will exist when the Seaway is opened. A pulp and paper company must choose the cheapest method of moving its in-bound and out-bound freight. In this connection, there is the possibility of further induced effects on transportation costs should restrictions in coastal shipping result in higher rates: namely, the possibility of higher rail rates where these are now competitive with existing water rates.
12. However, it is recognized that there are national considerations involved in the maintenance of a Canadian shipping and ship-building industry, in which the pulp and paper industry should be concerned. As large shippers of goods, it is important to this industry that Canada should not be entirely dependent on foreign ships and foreign ship-builders. Especially in the event of a war we will need Canadian ships and facilities to construct more ships. There is much evidence that Canadian ship-owners and builders are under disadvantages in

competition with ships of foreign registry and ship-builders in other countries. These national disadvantages will no doubt be fully presented to the Commission by those directly interested and more fully informed.

One difficulty in assessing relative advantages and disadvantages, however, lies in the fact that the nature and form of coastal shipping in Canada is likely to undergo major changes when the Seaway is in operation. We feel that the use of coastal shipping services by the pulp and paper companies will be altered and probably much increased but the amount of the increase must, at present, be conjectural. Similar uncertainties no doubt face other users and so the effects on the coastal shipping and ship-building industries appear also to be largely speculative. The nature and effect of the Seaway on the coasting trade and ship-building industries and the volume of new business they will be able to capture will undoubtedly be greatly influenced by the regulations and rates applicable to traffic on the new Seaway. It may be that the new volume of traffic that will be offered will justify rates which would not be adequate for only present volumes of traffic; similarly it may be that Canadian ship-building and repair and maintenance facilities will be able to obtain an important volume of business for the construction and maintenance of the new fleet of vessels that will service the Seaway. It is suggested, in the midst of these uncertainties as to the future, any drastic action should be postponed until experience has demonstrated that the Canadian shipping industry is being injured unduly and that it is unable to meet the competition.

The pulp and paper industry can only say that if it is in fact a legitimate national objective to have a Canadian shipping industry and a Canadian ship-building industry, and if, further it appears that these require some form of assistance, it should be attained by a national effort and at national cost. However much one may regret the necessity of new or increased government subsidies in the Canadian economy, it is better that they should be provided openly out of general tax revenues than hidden in artificially high rates paid by the shippers. In fact the latter subsidy is paid by the purchasers of Canadian goods and for a country as dependent as Canada upon international trade, such a policy defeats itself.

13. This Association will be glad to provide to the Commission any general statistics concerning the Canadian pulp and paper industry that are available and may be thought helpful in the Commission's work. In addition we will endeavour to obtain answers to any questions that the Commission may wish to ask.

Respectfully submitted,

CANADIAN PULP AND PAPER ASSOCIATION
per R.M. Towler
President

Montreal
June 28, 1955.

BRIEF OF JOINT COUNCILS OF BURIN DISTRICT, NEWFOUNDLAND
TO
ROYAL COMMISSION ON COASTING TRADE OF CANADA

INTRODUCTION

The Joint Councils of Burin District, Newfoundland, is an organization formed by the Town Councils of Grand Bank, Burin, Fortune, St. Lawrence and Marystown for the purpose of making recommendations to various bodies of governments concerning mutual problems of all five towns, which towns are located on the Burin Peninsula, Newfoundland. All members of the Town Councils of the five towns above mentioned are members of the Joint Councils of Burin District.

The Burin Peninsula is situate on the South Coast of Newfoundland and all ports on the Peninsula are open to navigation throughout the entire year.

Grand Bank: The town of Grand Bank has a population of approximately 2,500 and was the centre of the deep sea fishery until such fishery was discontinued approximately four years ago. It is also the supply centre for communities situate in Fortune Bay. Recently a large modern fresh fish filleting plant commenced operation at Grand Bank and several large draggers will be operating out of and landing their catch at Grand Bank.

Burin: The town of Burin has a population of approximately 4,500 and extensive fishery operations are presently carried out from that port. Messrs. Fishery Products, Limited, have a large fresh fish filleting plant at Burin with at least one dragger a day landing its catch at that port. In addition there is a Bait Depot operated by the Federal Government at Burin. The Western Marine Railway operate a marine dock at the port of Burin.

Fortune: The town of Fortune is situate on the west side of Burin Peninsula and has a population of approximately 1,800 people. There is presently in operation in that port a large fresh fish filletting plant owned and operated jointly by local interests and American fresh fish producers. In addition to having several draggers land their catches at Fortune the inshore fishermen sell fish to the plant as well.

St. Lawrence: St. Lawrence is a mining town with a population of approximately 2,000. Two mining companies are mining fluorspar at St. Lawrence, namely, St. Lawrence Mining Corporation, Ltd., and Newfoundland Fluorspar, Ltd. The fluorspar mined at that place is shipped through that port, a large proportion of which is sold to the Canadian steel industry.

Marystown: The town of Marystown has a population of approximately 2,000 and is located on what is considered the finest harbour on the Canadian east coast. It has been chosen as the site for a free port upon the completion of the St. Lawrence Seaway.

A large proportion of the trading on the Burin Peninsula is conducted with Nova Scotia and to a lesser extent New Brunswick and Prince Edward Island. All goods coming into the Burin Peninsula must be shipped by sea and extensive shipping moves from the Burin Peninsula ports to the ports of the Maritime Provinces as well as other Newfoundland ports. In addition to supplying the needs of the Peninsula goods and supplies are distributed from these ports to the smaller communities along the South Coast of Newfoundland. It can be seen, therefore, that this area has a vital interest in the coastal shipping of Canada.

SCOPE OF BRIEF

It is the submission of the Joint Councils of Burin District that the Government of Canada should take immediate steps to subsidize shipbuilding in Canada, particularly the small wooden coastal ships operating between Newfoundland and the Maritime Provinces in and around the Coast of Newfoundland.

All goods and commodities coming into and leaving Newfoundland coastal ports are carried in wooden vessels ranging from fifty tons to four hundred tons. During the Second World War and since the coasting fleet in Newfoundland has been depleted in alarming proportions. Due to the exorbitant cost of building and equipping wooden vessels this coasting fleet has not been replaced and unless immediate steps are taken the fleet will completely disappear within the next few years. Such eventuality will seriously inconvenience the people of Newfoundland as many communities can only be served by small wooden vessels.

It is also the feeling of the Joint Councils of Burin District that it is vitally essential to Canada that a large fleet of wooden vessels be available in the event of war. It was shown during the second World War, in Newfoundland in particular and generally in the Maritime Provinces, that the larger ships were used solely for transporting overseas cargoes. The result was that cargoes moving from the Maritime Provinces to Newfoundland were carried solely by small wooden vessels. Should the same emergency again arise unless a large fleet of wooden vessels is available, it will mean that the larger merchant ships will have to be used in Canadian coastal waters or alternatively the people of Newfoundland will not be able to receive even essential supplies. It is quite obvious, therefore, that in time of war in particular, a large fleet of local coasters is absolutely essential.

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It is submitted that Canadian steamship regulations should be relaxed in so far as smaller type craft operating around the island of Newfoundland are concerned. Many communities in Newfoundland and along the Southwest Coast in particular, can be served only by boat. To effect such service small coasters and passenger boats are plying constantly between Newfoundland ports. These small craft operate inshore and it is the feeling of the Joint Councils that the

regulations regarding their equipment and qualification of masters are much too rigid and not realistic under the circumstances. In order for owners of such smaller vessels to comply with Canada's steamship regulations they must make an investment choice out of proportion to the returns received. The rigid enforcement of present Canadian steamship regulations can only mean a substantial increase in freight and passenger rates out of all proportion to the services rendered. These small craft play an important role in the provincial economy and it is essential that their continued operation be assured.

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It is further submitted that Canadian steamship exportation regulations should be relaxed concerning master mariners in certain cases such as:

- (a) where old experienced seamen are concerned but who unfortunately do not possess such academic education so as to permit them to sit to write examinations;
- (b) where experienced seamen are concerned but who suffer minor physical disabilities;

the Joint Councils of Burin District join with the Committee on Coastal Shipping in Newfoundland in their submissions concerning the permit system presently in force under the Canada Shipping Act.

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The Councils respectfully submit that more modern navigational aid should be established along our coastline. It is absolutely essential to the coasting trade of Newfoundland that the latest and most modern navigational aid be installed and operated throughout the Province.

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The residents of Burin Peninsula view with alarm the inadequate loading facilities at the Port of North Sydney, N.S.

All coal coming to the South Coast of Newfoundland is carried in wooden coasters operating from Newfoundland ports to the port of North Sydney. Because of inadequate loading facilities and priorities given to larger ships, Newfoundland vessels experience considerable delays at great cost to vessel owners and great inconvenience to the Newfoundland consumer. It is the recommendation of the Joint Councils that immediate steps should be taken to improve loading facilities in the Port of North Sydney.

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The Councils would also at this time draw attention to the excellent harbour of Marystown and would urge that the Commission recommend to the Government of Canada that on or before the completion of the St. Lawrence Seaway steps be taken to improve facilities at the port of Marystown. This port has been served on many occasions and has been regarded as an ideal site for a free port. Because of its nearness to the St. Lawrence River together with the fact that it is ice-free and fog-free goods and commodities from Upper Canada can be brought to the port of Marystown for trans-shipment by ocean-going steamers.

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The people of the Burin Peninsula have for generations depended upon the sea and shipping for their livelihood. Coastal shipping is still the most important economic feature for that area and consequently these places have a vital interest in Canadian and coastal shipping. It is to that end that the above submissions are respectfully made by the Joint Councils of Burin District on behalf of the residents of that area.

DATED at St. John's this 27th day of
June, 1955.

T. Alexander Hickman
319 Duckworth Street
St. John's
COUNSEL FOR JOINT COUNCILS
OF BURIN DISTRICT.

PORT ARTHUR SHIPBUILDING COMPANY
Limited

June 24, 1955

PORT ARTHUR
Canada

The Secretary
Royal Commission on Coasting Trade
OTTAWA - Ontario

Dear Sir: Re - Coasting Trade of Canada

We are pleased to submit for your consideration, information in connection with the Port Arthur Shipbuilding Company Limited, which may be of assistance to you in dealing with the above subject.

Port Arthur Shipbuilding Company Limited, a subsidiary of Canadian Shipbuilding & Engineering Limited, situated at Port Arthur, Ontario. Area of property in use - approximately 35 acres. Well equipped Mould Loft, Steel Fabrication Shop, Machine Shop, Boiler Shop, Foundry, Pattern Shop, Pipe Shop, Electric Shop, Joiner Shop, etc. Largest graving dock on the Canadian side of the Great Lakes. Dry-dock - 728 ft. long, 98 ft. wide. Photograph of plant enclosed.

A few years after the First World War, there being no new ship construction, the Company decided to branch out into certain lines of Industrial Work in order to try and keep a skeleton staff of men skilled in various trades required for Ship Repairs. This policy has been continued and we are now actively engaged in the manufacture of Pulp and Paper Mill Machinery, Woodwork, Aircraft Parts, Structural Steel, and General Machine Shop work.

As far as this class of work is concerned, we are, of course, greatly dependent upon this area, and the volume of work we are able to get is, therefore, limited.

During the Second World War, we had as high as 2,140 employees. Our yearly employment ran 1,366, with payrolls averaging \$2,569,000 per year. Naval Vessels built during this period consisted of -

- 9 - Corvettes
- 6 - Bangor Minesweepers
- 20 - Algerine Escort & Minesweeping Vessels
- 3 - China Coasters
- Boilers & Engines for Naval Vessels

This work was for the Royal and the Royal Canadian Navies.

Following the Second World War, our yearly employment has been running about 731, with payrolls averaging \$2,069,000 per year.

Our Industrial Work for this period has accounted for about 30% of the payrolls mentioned above, with the balance made up of new Ship Construction, Ship Conversions, and Ship Repairs.

During this period, we were fortunate in being able to secure orders for the following vessels -

- 6 - Hopper Barges for France (built for
Canadian Government)
- 1 - Upper Lakes Tanker
- 4 - Large Upper Lakes Bulk Carriers
- 2 - Coastal Minesweepers for the Royal
Canadian Navy

From the foregoing, you will appreciate that the Port Arthur Shipbuilding Company Limited has been a very important industry to this district. Prospects for the future are, however, not too bright. There is no Commercial Shipbuilding contemplated and with only one small wooden Minesweeper for Naval Service under contract, our average employment will be down to about 325, with a payroll for the year of approximately \$1,000,000.

Our Yard suffered greatly in the past because of the purchase by Canadian operators of secondhand United States Lake Freighters. The Upper Lakes fleets of some of our Canadian shipping companies are made up mostly of old United States-built vessels. Our present Government, realizing the seriousness of this condition as far as the Shipyards are concerned, enacted certain legislation in 1950 which will tend to curtail the importation of these old vessels. We feel that the ban on these secondhand vessels should be strictly adhered to.

To keep the plant in good operating condition and have trained personnel available in case of a national emergency, we must have a reasonable amount of shipbuilding. Shipbuilding, particularly Naval work, is a much more complicated trade than it was years ago, and it takes a much longer period of time to train men for this work.

During peace time, we have to depend greatly on orders for Lake vessels, and Canadian operators are very much concerned at the present time as to what they will have to face when the St. Lawrence Deep Waterway becomes a reality.

It appears quite evident to us that to save Canada's shipbuilding industry, it is going to be necessary to restrict Coastal Trade to Canadian-built ships. The valuation of currency and the wide difference in labour rates between Canadian and foreign shipbuilding leaves the Canadian industry unable to compete.

The Port Arthur Yard is an important factor in assisting in the operation of Lake shipping, being the only large shipbuilding plant on the Upper Lakes and having the only dry-dock capable of

taking care of the large ships now operating. It is necessary to keep a fairly good-sized trained staff available to take care of repairs, so that there will be no undue delay to vessels requiring these services.

Once the Deep Waterway is completed, we are going to be faced with ever-increasing competition from U.K. Yards in building ships for the Coastal trade, particularly the Great Lakes. U.K. Yards are already showing keen interest in this trade. However, it is possible that the United Kingdom may not be able to maintain her shipbuilding advantage over non-Commonwealth Countries. At present cost levels, it is likely that vessels built in Germany and Japanese Yards may be imported into Canada more cheaply than British-built vessels, even after allowing for duty. Such foreign-built ships may be registered in Canada and licensed to engage in the Coastal trade upon payment of 25 per cent ad valorem duty.

With the opening of the Seaway, the impact of British-built and foreign-built ships on the Canadian Coastal trade and the International trade on inland waters of the St. Lawrence and Great Lakes could have the effect of putting the Canadian Coastal and Lake fleets out of business.

Recent emergencies have shown that a Transport Controller is necessary for the orderly movement of grain and iron ore on the Great Lakes.

If Canadian-owned Coastal and Inland Lake shipping is driven out of business by unfair competition from foreign vessels employing personnel at lower wages and obtaining equipment and having repairs carried out in foreign countries without benefit to Canadians, a vital link in the Canadian transportation system will be destroyed. Canada would find herself in the position of having no control over the movement of British or foreign flag vessels operating on the St. Lawrence and Great Lakes.

In times of emergency, Canada could not rely on U.K. ships to carry essential commodities needed by industries located in the Great Lakes and St. Lawrence areas; they would be withdrawn at such a time to serve the purposes of their owners in other parts of the world.

If no protection is given to Canadian-built and Canadian-registered ships in the Coastal trade, Canada will find herself without ships under her control, without a nucleus of trained Canadian seamen capable of manning vessels in time of war and emergency, and without shipyards and trained shipyard workers. She would then be dependent upon others for ships and shipping services in her own inland waterway.

As the Canadian Coastwise trade is a purely domestic matter, there is no valid reason for not putting it in the same position as road, rail and air services, which, under traditional Canadian

policy, are carried out by Canadian agencies operating under Canadian laws and using Canadian labour, with the revenues derived accruing to the Canadian economy.

As you will, no doubt, appreciate, words and descriptions are not sufficient to give the whole story, and we trust, therefore, that when the Commissioners visit Port Arthur, we will have an opportunity of showing them through our plant. We are also hoping that we will have the privilege of appearing before them at that time.

Respectfully submitted,

PORT ARTHUR SHIPBUILDING COMPANY
LIMITED

M.V. McDougall
General Manager

CRANE LIMITED
Head Office
P.O. Box 70
Montreal

June 27th, 1955

The Royal Commission on the
Coastal Trade of Canada,
OTTAWA, ONT.

SUBMISSION OF CRANE LIMITED, MONTREAL

Gentlemen: The Canadian Shipbuilding industry constitutes an important market outlet for the products manufactured and sold by this company. The total of Valves, Fittings, Plumbing and Heating materials supplied by Crane Limited to Canadian shipbuilders has, in the past, signified a service of considerable proportions to that industry in Canada.

The manufacture of such products in our factories results in a large accumulation of man-hours of labour, therefore, as a company expressly interested in the welfare and preservation of the shipbuilding industry we enjoin the Government of Canada to take such action as will ensure the maintenance of an active shipbuilding and ship-repairing industry in Canada.

We hope the following paragraphs will serve to illustrate the significance of the shipbuilding industry to this company, both as an important generator of business and of employment within its participating factories.

FACTORIES:

The company operates plants in Montreal, St. Johns, Que., Quebec City, Port Hope, Ont., Calgary and Vancouver. Classes of products supplied to shipbuilders through these plants are briefly summarized as follows:-

<u>Products Supplied to Shipbuilders</u>	<u>Factory Location</u>
Valves and Pipe Fittings	Montreal and Calgary
Plumbing Fixtures	St. Johns, Que., Quebec City, Port Hope and Vancouver.
Plumbing Brass Trim	Montreal
Heating Materials	Montreal

Shipbuilding Firms Supplied:

The following is a list of the various shipbuilding firms throughout Canada to whom this company sells materials produced at the aforementioned factories:

HALIFAX REGION

Ferguson Industries Ltd.,
Halifax Shipyards Limited
Industrial Shipping Company
St. John Drydock & Shipbuilding Co.
Sydney Engineering & Drydock Co.

QUEBEC REGION

Geo. T. Davie & Sons
Davie Shipbuilding Co.
Ltd.
Les Chantiers Maritimes
St. Laurent

MONTREAL REGION

Canadian Vickers Limited
Davie Shipbuilding Co. Ltd.
Marine Industries Limited

ONTARIO REGION

Collingwood Shipyards
Midland Shipyards
Port Arthur Shipbuilding Co.

VANCOUVER REGION

Burrard Drydock Company
Yarrow Limited
Victoria Machinery Depot

Value of Materials Supplied:

During the five-year period 1950 through 1954, Crane Limited supplied to these shipbuilders products made in its Canadian plants having a value of \$1,103.716. In terms of employment, this volume of business provided 212,000 man-hours of factory labour. In addition, a proportionate number of salaried hours were provided for office personnel connected with the handling of this business.

As respects the value of work provided by the shipbuilding industry in Canada, these figures indicate the position of only one of the manufacturing suppliers within the Valve and Fitting and Plumbing and Heating materials group. If to this be added the evidence of the other manufacturers in this industry group, a fuller perspective of the national impetus of an active and vigorous shipbuilding industry in Canada can be readily discerned.

Apart from the contribution of the shipbuilding industry to the national economy and in providing its large share of employment opportunities, an equally important element lies in the need for maintaining this industry permanently efficient as an indispensable measure of national security.

Respectfully submitted,

CRANE LIMITED,

BY (sgd) L. Clegg

L.H.T. Clegg
President.

THE CANADIAN CONGRESS OF LABOUR
to the
ROYAL COMMISSION ON COASTING TRADE

Mr. Chairman and Members of the Commission:

The Canadian Congress of Labour has two main interests in the matters that are before you.

First, there is the effect of the present coastal shipping situation on the shipbuilding and ship repairing industry. This is of great concern to us particularly because three of our affiliates and one of our local chartered unions have organized a considerable number of shipyards on the Atlantic and Pacific Coasts and the Great Lakes. Two of our affiliates, the Maritime Marine Workers' Federation and the Shipyard General Workers' Federation of British Columbia, have submitted briefs to you, and it will, therefore, not be necessary for us to go into detail to the extent we otherwise should. There are, however, certain points which perhaps deserve further emphasis, and some further comments on them which may be useful.

The second thing we are particularly interested in is the present unfair competition on the Atlantic Coast between coasting vessels whose crews are organized and others whose crews are not. One of our largest affiliates, the Canadian Brotherhood of Railway Employees and Other Transport Workers, has organized the Canadian National Railways' vessels in the Newfoundland service. Whenever the Brotherhood negotiates with the C.N.R. for better wages and working conditions, it is faced with the plea that the C.N.R. cannot grant more because of the competition of vessels owned by independent operators whose crews are not organized. On this matter, we wish to submit facts and figures and proposals for remedial action.

COASTAL SHIPPING AND THE SHIPBUILDING
INDUSTRY

Certain facts are indisputable.

(1) Employment in the shipbuilding and ship repairing industry has fallen sharply, even in the last two years. At March 1, 1953, the number of wage earners in the industry, as recorded in the DBS Man-Hours and Hourly Earnings, was 23,569; at March 1, 1954, it was 22,910; at March 1, 1955, it was only 17,833. This is a drop of nearly 6,000 in two years; a drop of over 24 per cent.

The employment index for the industry over the same two-year period has dropped from 175.6 to 140.4, a fall of almost exactly 20 per cent (DBS Employment and Payrolls).

(2) Canadian shipyards are at a disadvantage in competing with those of some other important shipbuilding countries, notably the United Kingdom, where the industry is long established and has built up, accordingly, a vast body of experience and skill, and where wages

are much lower than in Canadian yards.

In Canada, in 1954, according to the Dominion Department of Labour, the average rate for such highly skilled classifications as blacksmiths, engine fitters, machinists, pattern-makers, plate fitters and welders, ranged from \$1.61 to \$1.67 per hour. In the United Kingdom, in 1954, the skilled time rate was 147 shillings a week, or about \$20.58; which, for a 44-hour week, works out at about 46.8 cents per hour. In addition, pieceworkers appear to have got a further 20 per cent of earnings, plus 57/6 per week. This would bring piece workers up to about \$32.75 a week, or about 74.4 cents per hour. (U. K. figures from Ministry of Labour Gazette, May 1954, p. 171, and Cmd. 9085 of 1954, Report of a Court of Inquiry into a Dispute between employers who are members of the Shipbuilding Employers' Federation and workmen who are members of Trade Unions affiliated to the Confederation of Shipbuilding and Engineering Unions.) For unskilled workers, the U.K. time rate in 1954 was 125 shillings a week, or \$17.50; which works out at a trifle under 40 cents an hour. The average rate for labourers in Canadian yards in 1954 was \$1.26. For repair work, the U.K. time rates were generally 3 shillings (42 cents) above the rates quoted above, but this obviously is too small to make any appreciable difference in the comparisons.

We need hardly add that the difference in wages does not necessarily mean an equal difference in labour costs. Higher productivity per man-hour in Canada could be an off-setting factor, perhaps very large. Productivity is notoriously hard to measure, and as far as we know, adequate data for measuring it in Canadian shipbuilding do not exist. But it seems probable that, even allowing for the productivity factor, labour costs in Canadian shipyards are higher than in British.

This is important, because labour costs are a larger factor in this industry than in most others. For example, in 1953, wages in Canadian shipbuilding were 34.6 per cent of the gross value of production on the industry (and it may be added that in 1947, 1948, 1950 and 1951 the percentage was even higher, and in 1949 and 1952 only a little lower), compared with only 6.6 per cent in meat packing, 3.8 in flour milling, 17.5 in rubber products, 15.8 in pulp and paper, 21.9 in agricultural implements, 12.2 in motor vehicles, 20.8 in motor parts and accessories, 23.9 in primary iron and steel, 31.5 in railway and rolling stock and equipment, 19.3 in electrical apparatus, 11.1 in chemicals, and so forth. In a list of twenty-one important industries which we have analysed, for the years 1947-1953, in every year shipbuilding had the highest proportion of wages to gross value of production.

Taking wages as a percentage of net value of production, shipbuilding had the second highest proportion of all these industries for every year from 1948 to 1951 inclusive, the third highest in 1947 and 1952, and the second highest again in 1953. In 1953, the percentage for shipbuilding was 54.8, for meat packing 36.0, for flour milling 24.3, rubber products 28.8,

pulp and paper 31.0, agricultural implements 47.3, motor vehicles 37.3, motor vehicle parts and accessories 45.4, primary iron and steel 50.5, railway and rolling stock and equipment 69.3, electrical apparatus 35.9, chemicals 21.9, and so forth.

It may be argued before you that the higher labour costs in Canadian shipyards, compared with British, exist because Canadian shipyard workers have been "pricing themselves out of the market" in comparison with British shipyard workers.

There seems little doubt that Canadian shipyard wages have gone up more than British since the war, though the increase for Canadian skilled workers is probably not much bigger than for British pieceworkers, and the gap is probably narrowing. In the absence of data on productivity changes, however, the available figures certainly do not constitute proof that Canadian shipyard labour is "pricing itself out of the market". Besides, it must not be overlooked that neither shipyard workers nor shipyard employers are free agents in this matter. Shipyard labour must be paid something like the going rate for similar work in other industries, or it will leave and go to the other industries. We cannot discover any evidence that shipyard workers are getting more than the going rate for similar work in other industries.

So any suggestion that the problem of the Canadian shipbuilding industry can be solved by wage cuts is visionary and impracticable.

The Canadian shipbuilding industry, then, is declining. It has difficulty competing with the British industry. Wage cuts are not only socially undesirable but economically impossible. What can be done?

It is possible that the efficiency of management could be improved, but we doubt if any improvements which are possible could make more than a very limited contribution to the solution of the industry's problem. It is also possible that further investment in new equipment might help. But, again, we doubt if even considerable new investment could do much to solve the problem; and as long as the industry is declining, and its future dubious or worse, new capital will not be forthcoming except at a very high cost. It is possible also that some may argue that labour in the industry could put forth more effort; but we do not think that any responsible people acquainted with the industry will contend that Canadian shipyard labour is lazy or incompetent, or that any appreciable reductions in costs could be secured even if every worker exerted himself to the very limit of his powers.

Overhead and profits in 1950 constituted only 23.6 per cent of the net value of production in this industry. In 1953, they were 37.0 per cent, and we should be greatly surprised if the 1954 percentage were not even higher. The bulk of this is undoubtedly overhead: fixed costs of one sort or another (rent, interest, depreciation, insurance); and the reason the percentage

has increased so formidably is that these ^{fixed} costs have to be spread over a smaller and smaller total production. The shipyards' facilities are not being fully used, or anything like it. But a large part of their costs remains just as high as if they were going full blast.

We submit, therefore, that the only way to achieve any important reduction in the cost of building ships in Canada is to give the yards more work to do, and so enable them to spread their fixed costs over a larger production.

Is it worth doing? If so, can it be done? If it can, what contribution can coastal shipping policy make towards doing it? Those are three questions which we think must be answered.

The first, "Is it worth doing?" may seem a cold-blooded question, especially from a trade union organization. The answer of orthodox, "free enterprise" economics (if any still exist) might well be "no". Even if our yards were going full blast and at maximum efficiency, it might well be that Britain could produce ships cheaper. If so, shouldn't we concentrate on producing the things we can produce cheapest and exchange them for (among other things) cheap British ships, or cheap British shipping? Isn't shipbuilding an uneconomic use of our resources? Should we have a merchant marine at all? If we should, shouldn't we buy cheap British ships for it, instead of loading it with extra costs by forcing it to use expensive Canadian ships? Britain is one of the biggest customers for some of our export staples, notably wheat. She might be an even bigger customer for more of the things we have to sell if she could get enough of our dollars, to buy them with. Her cheap ships and her cheap shipping are two of the main things she has to offer. In the interests of our export trade, and especially our wheat farmers, shouldn't we take her cheap ships and shipping?

If we could count on perpetual peace, these arguments would have considerable force, to say the least. But we can't count on perpetual peace, and that makes all the differences in the world. Even Adam Smith, the father of "free enterprise" economics, declared roundly that "Defence is better than opulence"; and unfortunately this is still true, and its truth was sharply brought home to us in the war of 1939-1945.

We all hope there will never be another war. But there easily may be. If there is, British shipyards will probably be put out of action at a very early stage, and a good deal of British shipping will be promptly sunk. We shall need, as we did last time, to build ships in Canada, and build a lot of them, and build them fast. If we have allowed our shipyards to go to rack and ruin, and our skilled shipyard labour to be dispersed, and if we have done nothing to train new skilled shipyard workers to take the places of those who die or get too old to work, then we shall face the emergency naked to our enemies. If, on the other hand, we keep our shipyards and their labour force in being,

and keep training replacements for those who die or retire, we shall be in a condition to cope promptly and effectively with any emergency. Keeping our shipyards in being may well cost us something. So does fire insurance. Maintaining a Canadian shipbuilding industry is a sort of national fire insurance, an essential part of our defence against aggression.

This is already recognized to some extent. The Navy gives our yards a certain amount of work. But this, we submit, is not enough. We are paying a small insurance premium, so to speak, for a small coverage. We are not paying enough to get the coverage we need. Naval orders alone will not maintain a shipbuilding industry of the size we ought to have.

The principle of accepting extra costs for the sake of defence or other great national purposes is not by any means new in Canada. The list of industries we have subsidized, directly or indirectly, for such purposes, is a very long one. Indeed, it is almost certainly true to say that if we had acted on purely "economic" considerations, Canada would never have come into existence at all, or, if it had, would not have lasted long. Other industries have been subsidized, directly or by tariff protection, to the tune of hundreds upon hundreds of million of dollars. We see no reason why the shipping and shipbuilding industries should be treated differently, if there is good reason for subsidizing them, as we submit there is.

So our answer to the first question, "Is it worth doing?" is "Yes". It is not only worth doing. It must be done.

Can it be done? Can we give our shipyards more work? Yes, if we are willing to pay the price; and since what we are buying is national survival, we do not think the price is high.

The great questions of whether we should have a merchant marine at all, and, if so, how big it should be, and whether it should be made up of Canadian-built ships, involve consideration of transatlantic and transpacific shipping as well as coastal, and are, therefore, largely beyond your terms of reference. But if you are prepared to concede that we are even partly right in the arguments we have just advanced, then we think you must give some consideration to the question, "What contribution can coastal shipping policy make towards giving our yards more work?".

Even the most sweeping revision of coastal shipping policy, even the reservation of our whole coastal trade to Canadian-built ships, would not solve all the shipbuilding industry's problems. But a change in that policy would be certainly do something to help, and we think there is a strong case for a change. We think that case has been amply made out in the briefs submitted to you by our affiliates, the Shipyard General Workers' Federation of British Columbia and the Maritime Marine Workers' Federation, and it is unnecessary for us to repeat what they have said on the point. We think Canadian coastal shipping should be reserved for Canadian ships,

Canadian-built. We think this is a very moderate measure of help to the Canadian shipping and shipbuilding industries, and one of which no country could legitimately complain, especially since most of them either follow substantially the same policy themselves; or provide handsome subsidies, in one form or another, to their shipping or shipbuilding industries, or both; or even reserve their coastal trade for themselves and subsidize their shipping and shipbuilding industries generally.

The value of such a change in policy to the Canadian shipping and shipbuilding industries is likely to increase steadily after the completion of the St. Lawrence Seaway, since traffic in the St. Lawrence-Great Lakes system is certain to expand markedly. This makes it particularly opportune to inaugurate a new policy now. If shipowners and shipbuilders of other countries once get a stranglehold on the expanded trade of the Seaway, it will be very difficult to dislodge them, and even if they are dislodged, it will involve immeasurably more dislocation to their trade and ours than if we act now.

We submit also that the help which such a change in coastal shipping policy would give to our shipyards is the more urgent because of the building of the Seaway, which is likely to have adverse effects on the economy of the Maritime Provinces and British Columbia, where many of our shipyards are. British Columbia is going ahead fast enough that it could perhaps absorb these adverse effects without too much difficulty. The Maritime Provinces cannot. They already need all the help they can get, ~~and with the completion of the Seaway,~~ they will probably need more than they do now.

UNFAIR COMPETITION ON THE ATLANTIC COAST

The other problem to which we wish to call your attention is the unfair competition between organized and unorganized vessels in the Atlantic coastal trade. Unfortunately, here, the latest complete figures we have are for 1952; but our information, from our affiliate, the Canadian Brotherhood of Railway Employees and Other Transport Workers, is that the situation is substantially unchanged.

In 1952, the salary of a first mate, on the C.N.R. ships in the Newfoundland service, organized by the Brotherhood, was \$300 a month. The highest rate for mates on twenty-nine other boats, not organized, was \$251, and for some small vessels it ran as low as \$125. On one vessel, chartered by the C.N.R., the rate was \$150.

The salary of a chief engineer on the C.N.R. boats was \$380. The highest rate on any of the twenty-nine unorganized boats was \$330, and the lowest \$140. On the vessel chartered by the C.N.R., the rate was \$180.

The salary of a second engineer on the C.N.R. boats was \$300. The highest rate on any of the twenty-five unorganized boats which had second engineers

was \$251, and the lowest (on the boat chartered by the C.N.R.) \$120.

The salary of a bosun on the C.N.R. boats was \$190. One of the eleven unorganized boats which had had bosuns paid \$215, two others \$185. The rest ranged from \$130 to \$150.

The salary of an A.B. on the C.N.R. boats was \$180. One of the unorganized boats paid \$201, another \$198, and a third \$191. The rest varied from \$100 to \$155. On the vessel chartered by the C.N.R., it was \$120.

For some other classifications, the unorganized boats made a better showing; but on the whole, the figures bear out the story the C.N.R. has told the Brotherhood.

This is not a healthy state of affairs. One remedy, of course, would be for the Brotherhood, or some other union, to organize the unorganized boats. But this is exceptionally difficult, as most of them are very small and, in a good many cases, are owner-operated. Of the twenty-nine, in 1952, only one had a crew of over 30, and only eleven had crews of 10 to 15. The other seventeen had crews of from 6 to 9.

So the only way to protect the C.N.R. and its employees from this substandard competition is for Parliament to pass legislation providing for minimum wages and working conditions which will at least reduce this unfair competition to small proportion. We believe the Canadian coastal shipping trade should be reserved for Canadian ships. We do not believe it should be reserved for Canadian exploiters. We have urged that the people of Canada should subsidize, directly or indirectly, our shipping and shipbuilding industries. We do not suggest that they should subsidize sub-standard wages and working conditions.

The Canada Shipping Act, Part III, already includes a variety of provisions governing the employment of "seamen" (defined to include all members of a crew). We submit that there should be added provisions giving the Minister power to prescribe minimum wages and working conditions, and that the Minister should be proposed to specify minima high enough to prevent grossly sub-standard wages and working conditions on Canadian ships.

CONCLUSION

Canada has a great maritime tradition, both in shipping and shipbuilding. Before Confederation, the three Maritime Provinces combined held fourth place in the world in registered tonnage of shipping, and Nova Scotia and New Brunswick vessels were to be seen in every port in the World. In 1864, at the peak of Maritime Province shipbuilding, the three provinces built 586 vessels, with a total tonnage of 198,973. Even as late as 1875, they built 367, with a tonnage of 150,817. Nor was it

INTRODUCTION

By Order in Council No. 335-'55, dated April 13th, 1955, the Government of Newfoundland appointed a Committee on Newfoundland Coastal Shipping with the following terms of reference:

To enquire into and report upon the circumstances of the coasting trade of Newfoundland, including the transportation by water, or by land and water, of goods and passengers from one place in Newfoundland to another place in Newfoundland, and upon relevant matters, which, in the opinion of the Committee, should be included within the scope of the Enquiry, and without restricting the generality of the foregoing, the Committee shall enquire into and report upon

1. particular and general aspects of the coasting trade of Newfoundland in respect of which it may be desirable to make representations to the Commissioners appointed by the Government of Canada to inquire into and report upon the coasting trade of Canada;
2. aspects of the coasting trade of Newfoundland in respect of which they may consider it appropriate to make recommendations to the Government of Newfoundland, for the guidance of that Government and of other parties concerned with the domestic trade and transport of the Province, concurrently with or in addition to such representations as it may be considered desirable to make to the Commissioners appointed by the Government of Canada;
3. the numbers, capacity and condition of the vessels presently engaged in the coasting trade of Newfoundland, and the places and functions served by them;
4. the conditions under which vessels operate in the coasting trade of Newfoundland, with particular reference to the influence exerted upon their economic operation by such factors as: legislation and regulations made thereunder; the availability or otherwise of aids to navigation and of suitable shore facilities for mooring, lading and discharge of cargo and passengers, and repairs and overhauls; fluctuations in the volume of carrying trade available from time to time; harbour and climatic conditions;
5. the scope for extending and increasing the functions and volume of work undertaken by vessels engaged in the coasting trade of Newfoundland.

The Committee on Coastal Shipping is comprised of the following members:

Chairman Mr. Ross Young

Member, Newfoundland
Fisheries Development
Authority.

Mr. James C. Grieve	Chairman, Newfoundland Shipowners and Shipbuilders Advisory Committee.
Mr. R. A. Harvey	Director of Vessel Construction and Inspection, Department of Fisheries of Newfoundland.
Capt. Archibald Hayes	President, Newfoundland Coasting Association.
Mr. Donald Hollett	Director, Hollett Transportation Limited.

Secretary Mr. James Green, B.A. (Oxon) M.A.

The Committee respectfully submits the following brief to the Royal Commission on the Coasting Trade of Canada for its consideration:

SCOPE OF BRIEF

The Committee on Newfoundland Coastal Shipping, appointed by the Government of Newfoundland, feels that the matters which are raised in the following brief are ones which should properly be brought to the attention of the Royal Commission on Coasting trade. Although it would appear that the primary concern of the Royal Commission is to investigate the effect on the Coastal Trade of Canada of the participation in that Trade of vessels registered or built outside of Canada, nevertheless the Royal Commission's terms of Reference require it to enquire into and report upon all questions within the jurisdiction of Parliament concerning the Coasting Trade of Canada, and further, the necessity, if any, of establishing different policies and prescribing special conditions with respect to the Coasting Trade, applicable to particular parts of Canada.

Newfoundland's case on the Foreign Bottoms question will be presented to the Royal Commission in a brief from the Government of the Province of Newfoundland and therefore this brief from the Committee on Newfoundland Coastal Shipping does not intend to deal with that aspect of the Royal Commission's enquiry. But rather the Committee on Newfoundland Coastal Shipping's brief will concern itself with local aspects of the Canadian Coastal Trade affecting the Newfoundland Coasting Fleet.

The Newfoundland Committee on Coastal Shipping wishes to record its approval and support of the brief submitted to the Royal Commission by the Government of the Province of Newfoundland. At first sight it might appear that we have a contradiction of interests, since the Committee on Newfoundland Coastal Shipping is entirely concerned with vessels registered in Newfoundland and consequently a Canadian Flag Fleet, while the Government of the Province of Newfoundland seeks to preserve the status quo to permit the use of British bottoms in the Canadian Coastal Trade under certain conditions. In fact, there is no conflict of interests because, in general, the submission of the Government of the Province of Newfoundland is in respect of the movement of essential goods and consumer commodities from the mainland of Canada to this Island Province, while the main concern of the Newfoundland Coasting Committee is with the distribution of these goods and commodities to the 1300 scattered settlements along the 6000 miles of rugged coastline of Newfoundland and 1200 miles of coastline in Labrador.

PLACE OF THE COASTING TRADE IN
THE ECONOMY OF NEWFOUNDLAND

The Province of Newfoundland consists of the Island itself and the peninsula of Labrador. The Island of Newfoundland lies across the mouth of the Gulf of St. Lawrence. It extends between the parallels of $46^{\circ} 35'$ and $51^{\circ} 39'$ North and the meridians $52^{\circ} 36'$ and $59^{\circ} 25'$ West, and is roughly in the same latitude as Vancouver Island. It has an area of approximately 42,700 square miles and is about twice the size of Nova Scotia. The Island is shaped like an equilateral triangle with sides 300 miles in length. At its northern point, it is separated from Labrador by the narrow Strait of Belle Isle, which at one place is only 11 miles across. In the southwest, it is separated from Cape Breton Island by Cabot Strait, 80 miles across. The Avalon Peninsula with the capital city of St. John's lies at the southeast corner of the Island and is the most easterly point of the North American Continent. Labrador, a northeastern spur of the North American Continent, stretches from 52° to 60° North latitude. It covers an area of 110,000 square miles.

Newfoundland was settled by people who depended on the sea for their livelihood and as a consequence early settlement was made in small coves and bays which offered shelter for boats and shore space for the drying of catches of fish. As a result, the population became thinly spread out along the coastline and some 240,000 people now live in some 1,300 small settlements scattered along 6,000 miles of coastline in Newfoundland and 1,200 miles of coastline in Labrador. There are only 30 large centres having a population of more than 1,000.

The population thus scattered presents great difficulties in transportation, especially since in many of the small settlements there are no roads and these places are consequently inaccessible except by water. It therefore follows that the sea provides the general means of transportation.

The exports of the Province of Newfoundland consist chiefly of fish, fish products, minerals, newsprint, and wood products. Since Newfoundland is not a manufacturing Province her imports consist to a very large extent of consumer commodities. Since 1949 the main source of supply of such commodities is the Canadian Mainland. The Dominion Bureau of Statistics estimates that for the year ending December 31st, 1953, 988,348 tons of cargo were brought into Newfoundland from the other Canadian Provinces. Such cargo, having arrived here, must then be redistributed to the numerous settlements on all the coasts of the Island and on the coast of Labrador. A large proportion of the inward movement of freight to this Province is brought in vessels not registered in Newfoundland, but, the redistribution of such freight from ports of entry is done almost entirely in Newfoundland vessels. As a consequence, coastwise trading represents by far the most important branch of Newfoundland shipping. The Newfoundland coastal vessel not only plays its important role as a distributor of commodities from ports of entry, but, also plays an important part in the distribution of salt to fishing

settlements in the spring and early summer and in the movement of saltbulk fish to processing points and dry fish to points of export.

It should also be pointed out that Newfoundland vessels participate to some considerable extent in the bringing into Newfoundland of certain bulk cargoes from the Canadian Mainland, especially cargoes of coal and flour. In 1953, Newfoundland registered vessels brought into Newfoundland from Sydney 87,419 tons of coal and in 1954, 87,718 tons of coal. It has been estimated that at least 15,000 tons of flour is brought into Newfoundland yearly from the Canadian Mainland by Newfoundland vessels. Most of these cargoes are drop-off shipments with vessels sometimes discharging at as many as seven to ten ports.

It has been stated that over 240,000 people reside along the coastline of Newfoundland and Labrador and in many instances their only contact with the outside world is by water. As a means of transporting goods to these places, there exists a coasting fleet which now numbers some 214 vessels with a total of 21,472 gross tons, of which over 200 vessels are of wood construction. These vessels are of a size and draft suited to the conditions to be found in this Province, having as it does so many harbours necessitating shallow draft vessels, where vessels of larger draft cannot enter.

Unfortunately a great number of vessels now engaged in the coastal trade of Newfoundland were not intended exclusively for such a trade, but, rather were intended for dual use as fishing vessels and cargo carriers in off-fishing season. With the disappearance of the Grand Bank dory fishery and the Labrador fishery, the vessels which formerly served at these occupations were diverted full time into the growing coastal trade, rather than have them fall into disuse and also because of the high cost of constructing new tonnage. The general layout of these vessels did not lend itself to economic operation in the coasting trade, being built on the lines of a sailing vessel, cut fine forward, with consequent limited carrying capacity. These vessels now have an average age of 18 years, and within a few years will require extensive and costly repairs or replacement.

As mentioned above, there are presently 214 vessels engaged in the coasting trade of Newfoundland. They may be broken down into tonnage groups as follows:-

<u>Tons</u>	<u>No. of Vessels</u>	<u>Average Age</u>
10 - 30	29	1942 - 13 years
30 - 40	22	1941 - 14 years
40 - 50	15	1939 - 16 years
50 - 60	19	1937 - 18 years
60 - 70	19	1933 - 22 years
70 - 80	15	1933 - 22 years
80 - 90	9	1937 - 18 years
90 - 120	28	1941 - 14 years
120 up	58	1935 - 20 years
	<u>214</u>	

Total Gross Tonnage - 21,472 Tons.

Unfortunately the number of vessels now engaged in the coasting trade has declined with each passing year as the older vessels, when they are lost or broken up, are not being replaced because of the inability of procuring suitable local timbers and the high cost of construction, which has been estimated to be between \$800.00 and \$1,000.00 per gross ton. For example, from 1950 to 1954 inclusive some 69 coasting vessels, totalling 18,193 gross tons, have been lost, broken up, or sold out of the Province. In the same period, however, only 20 coasting vessels, totalling 4,950 gross tons, have been added to the Newfoundland Register. These 20 vessels came from the following sources:

Bought from foreign interests	3
Bought from U.K. & Empire interests	2
Transferred from other parts of Canada	6
Built in Newfoundland	<u>9</u>
	<u>20</u>

The 9 vessels built in Newfoundland in the period 1950 to 1954 have only a total gross tonnage of 267 tons. Some other vessels built during that period as fishing vessels have subsequently been converted into coasters.

Vessels engaged in the coastal trade which were lost, broken up, or sold out of the Province during the past five years and replacements in the coastal trade during the same period may be summarized by tonnage groups as follows:-

TAKEN OFF REGISTER1950

1 vessel 40 - 60 tons
4 vessels 100 - 150 tons
2 vessels 150 tons and up.

Total: 7 Vessels
1,074 Tons

1951

2 vessels 60 - 100 tons.
6 vessels 100 - 150 tons.
2 vessels 150 tons and up.

Total: 10 Vessels
1,419 Tons

1952

11 vessels 60 - 100 tons.
4 vessels 100 - 150 tons
2 vessels 150 tons and up

Total: 17 vessels
1,792 Tons

1953

3 vessels 60 - 100 tons
11 vessels 100 - 150 tons
3 vessels 150 tons and up

Total: 17 vessels
2,200 Tons

PUT ON REGISTER

1 vessel 30 - 40 tons.
1 vessel 60 - 100 tons.
4 vessels 160 tons and up.

Total: 6 vessels
3,168 Tons.

2 vessels 15 - 30 tons.
1 vessel 100 - 150 tons.
1 vessel 150 tons and up.

Total: 4 vessels
775 Tons.

2 vessels 15 - 30 tons.
3 vessels 150 tons and up.

Total: 5 vessels
538 Tons.

1 vessel 15 - 30 tons.
1 vessel 30 - 40 tons.
1 vessel 100 - 150 tons.

Total: 3 vessels
208 Tons.

TAKEN OFF REGISTER1954

4 vessels 40 - 60 tons
 6 vessels 60 - 100 tons
 5 vessels 100 - 150 tons
 3 vessels 150 tons and up.

Total: 18 vessels
 2,408 Tons

Grand Total: 69 Vessels
 18,193 Tons

PUT ON REGISTER

2 vessels 100 - 150 tons.

Total: 2 vessels
 261 Tons

Grand Total: 20 vessels
 4,950 Tons.

The Government of Newfoundland under the Ship Building Bounty Act makes the following bounties available for vessels built in Newfoundland to participate in the coastal trade:-

- (1) Vessels 12 to 30 Tons - \$20.00 per ton, plus \$10.00 per ton if a new diesel engine is fitted, plus \$10.00 per engine horse power.
- (2) Vessels 20 to 30 Tons - \$30.00 per ton, plus \$10.00 per ton if a new diesel engine is fitted, plus \$15.00 per engine horse power.

Included in this Brief as Appendix A is a statistical analysis and break-down by tonnage groups of cargoes carried by Newfoundland coastal vessels during the year 1954. This analysis is based in part on data provided by the majority of vessel owners of actual cargoes carried and in part conservative estimates from gross tonnage of vessels not reporting cargo returns and on the average number of trips taken from reported tonnage classes. From this list it will be seen that the 214 vessels operating in the coastal trade of Newfoundland in 1954 carried, at a conservative estimate, 338,887 tons of cargo.

That this is a conservative estimate will be apparent from the following facts:-

- (1) The Dominion Bureau of Statistics' figures show an estimated tonnage brought into the Province from the rest of Canada of something just below 1,000,000 tons.
- (2) The C.N.R. Newfoundland Marine Services which operate a fleet of freight and passenger vessels around the coast of Newfoundland and Labrador, report that their vessels carried 41,424 tons of cargo in the 1953-54 season in the Newfoundland coastal trade.
- (3) Because of the relative lack of road facilities in Newfoundland it is very doubtful that anything more than a small amount of the remaining tonnage brought into Newfoundland and not distributed by the C.N.R. was distributed by road transport.

(4) It would therefore appear that the actual tonnage of cargo distributed around Newfoundland and Labrador by the Newfoundland coasting fleet is considerably in excess of the estimated total of 338,887 tons.

It can thus be seen that the coastal trade of the Province of Newfoundland occupies a most important role in the economy of the Province and there will be an ever increasing demand brought about by increased population. It is therefore essential that the fleet of Newfoundland coasting vessels be maintained and improved.

CANADA SHIPPING ACTPERMIT SYSTEM

With the coming into force in Newfoundland of the Canada Shipping Act a serious problem arose for most masters, mates, and engineers who, while they had had years of experience behind them in the coastal trade of Newfoundland, could not, however, qualify for certificates under the Canada Shipping Act. Had this problem not been resolved it would doubtless have meant the end of Newfoundland's coastal fleet, with a great many vessels tied up for want of certified operators - a situation which would have had a crippling effect on the economy of Newfoundland. But, in order to make it possible for these experienced men to remain in the coastal trade, a trade for the most part in which they had spent their lives, a system has been worked out whereby most of them have been able to procure a yearly permit enabling them to operate a particular vessel in a particular area. The importance of the matter will be seen from the fact that such permits were issued to 108 Newfoundland skippers in 1954 and to some 85 skippers up to June 9th in 1955.

The Committee feels that this system is working well and has been the means of enabling a great many experienced men to continue their services in the field of coastal trade. The Committee, however, would point out that this problem of masters and mates unable to qualify for proper certificates is a problem which will come to an end with the passing from the trade of the present generation of masters and mates, since it is of course expected that the younger men entering the trade will qualify themselves for proper certification.

At the advent of Confederation in 1949, an opportunity was afforded to masters to apply for permanent certificates, but, either from lack of awareness or some other cause, the time limit expired before very many persons had availed themselves of the opportunity. The Committee recommends that some consideration be given by the proper authorities to designating another period, say one year, during which fully experienced men who were active in the coastal trade before 1949 could apply for permanent certificates. If this is not possible the authorities should consider some alternate way of extending the permits from the present year to year basis to a lifetime basis.

COASTING LICENSES

A considerable amount of inconvenience was caused to the coasting trade heretofore by the necessity of coastal vessels having to secure customs clearance. This difficulty has largely been overcome by the recent introduction of a system of coasting licenses. By reducing delays and minimizing clearance formalities, the system will have a good effect on the economic operation of coastal vessels - and the Committee heartily endorses any such change which exerts a beneficial influence on vessel operation. The licenses, based on a system in use in Newfoundland prior to 1949, have met with the general approval of the coastal trade and the Committee feels that the persons responsible for the introduction of the system should be commended.

HOME TRADE CLASSIFICATION

With regard to Home Trade classification under the Canada Shipping Act, the Committee wishes to make certain recommendations which it feels will be of great benefit to the Newfoundland coastal trade. The present northern limit on the east coast of Canada for Class 2 vessels is Cape Chidley in Labrador. This limit was imposed some years ago and since then the area north and west of Cape Chidley has been rapidly developed. As a consequence there is a much greater demand for coastal shipping in that area which, because of defence work and mining development, requires a large number of vessels for transportation of goods. Because of dangerous and relatively unknown coastal waters and shallow harbours, only small vessels with shallow drafts are suitable for engaging in this trade; since the majority of Newfoundland vessels are eminently suited to these conditions, there is a greatly increasing call on their services to operate coast-wise in the far northern waters. But, since most Newfoundland vessels are now in Home Trade Class 2, the present northern limit of Cape Chidley means that only quite small vessels which can navigate through Forbes Sound are now able to enter and trade in Ungava Bay. The larger Newfoundland vessels are precluded from trading in Ungava Bay since to do so means entering the Bay through the Grey Straits which is beyond the northern limit of Cape Chidley.

The Committee therefore recommends that new regulations in respect of life saving equipment should be introduced containing the provision that ships under 125 feet registered length in Home Trade Class 1 should be allowed to carry dories in lieu of life boats when engaged in voyages north of the port of New York, with a restriction that such vessels not be permitted to operate more than 60 miles off shore. The effect of such provisions would be to enable most Newfoundland coastal vessels now classified as Home Trade Class 2 to be reclassified as Class 1 and therefore permit them to sail north of Cape Chidley and take part in the newly developing northern trade. The Committee has been advised by experienced seamen that the dory commends itself as a more suitable type of boat for several reasons, including the fact that it is light and easily handled, that it takes little space and can be nested, that it is easily transported over ice, and is better able to effect a landing on the difficult shores of the far northern area. In short, the dory is an ideal boat for emergency use in circumstances where the use of a life-boat might be well nigh impossible.

As an alternative suggestion the Committee recommends that Class 2 permits be extended to permit a vessel in that classification to proceed as far north on the east coast of Canada as the sixty-fifth parallel (Leopold Island). The Committee realizes that if such an extension of the northern limit is granted to the sixty-fifth parallel, some time limit on operations in that region may have to be imposed.

Since the Committee understands that new regulations respecting life-saving appliances are now being prepared in Ottawa, it may be that in light of these new regulations the Committee may wish to make further references to the above recommendations in connection with classification.

AIDS TO NAVIGATION

The provision and maintenance of such aids to navigation as lights, buoys and fog signals, come under the jurisdiction of the Aids to Navigation Branch, Federal Department of Transport. The present policy of that Department as it relates to Newfoundland is one of reconstructing and modernizing existing aids rather than a policy of expansion, although of course certain new aids are being provided. The Committee feels that this policy is a good one, as many of the existing aids are definitely below the standard now generally admitted to be necessary and it is therefore a matter of importance that existing aids be brought up to standard as quickly as possible. However, comparison of the Newfoundland and Labrador coasts with the coasts of the other Atlantic Provinces will show that this Province is not nearly so well served with aids. That navigational aids are required for the successful continuance of the Newfoundland coastal fleet is beyond dispute, as the coastal waters of Newfoundland are generally treacherous and difficult, and without proper navigational aids most areas can only be used in safety by those skippers with considerable local knowledge.

Because so many vessels now engaged in the coasting trade were not built as coasting vessels, having been adapted from their former use as fishing vessels, their economic operation is, at best, marginal, due to limited carrying capacity, small hatches and the like. Any improvement in aids to navigation which results in speedier and safer passage between ports is therefore of great importance.

Buoy Boats:- It appears that considerable difficulty is experienced by the Department of Transport in placing and servicing buoys, caused by such factors, for example, as the necessity of removing many buoys during the winter months and replacing them as soon as possible after the danger of damage by ice has passed. The Department of Transport realizes that the need here is for a special buoy boat and it is understood that such a boat is planned (since reported under construction). The Committee recommends that this boat be equipped to act as a rescue ship during the time of the year it will not be engaged in the servicing of navigational aids, and to this end it is recommended that the buoy boat be strengthened for navigation in ice. The Committee feels it a matter of utmost necessity that such a boat be provided and put in service in Newfoundland with the least possible delay. The need for such a boat is obvious and there is a great deal of work for it to do.

There are many places in Newfoundland which should have new aids to navigation installed and the Committee recommends that the Department of Transport undertake a complete survey of the Newfoundland and Labrador coasts from the point of view of the need of new aids. The Committee desires to list herewith certain specific needs which it feels to be of importance emphasizing, however, that this list does not purport in any way to be a comprehensive one as there are doubtless a great many other places deserving of consideration in this respect. However, this list has been prepared after investigation

by the Committee, with advice of people having considerable knowledge of Newfoundland coastal waters. The recommendations are as follows:-

(1) SOUTH COAST

Isle-aux-Morts:	A set of range lights.
Burin:	A set of range lights in the western approach through Burin Reach, or an ocean buoy and shore light.
West Point Francois:	A light
Grand Bruit:	Whistling buoy at Duck Rock
Long Harbour Poing (Stone's Cove), F.B:	Fog alarm
Garnish:	Whistling buoy at White Rock.
Fortune:	Leading lights.
Fortune Head:	A light
Mortier Bay:	Whistling buoy at entrance
Bob's Rock: (near Green Is)	Whistling buoy.
Grand Bank:	A flashing light to replace present stationary light.
Dantzic Point:	A light.

(2) NORTHEAST COAST

Cabot Island	Strong flashing light to replace present fixed light.
Penquin Island	A more powerful light.
South Rock 'near Penquin Is.)	A light whistle buoy to mark this comparatively small but dangerous shoal.
Grass Island (near Carmanville)	A light.
Greenspond:	Range light should be raised to a height of 30 to 40 feet.
Catalina:	A light buoy should be located near the Flowers Ledges or the Hay Pooks.
Stone Island:	A light.
Southern Head:	A light to facilitate navigation in the channel between Little Denier Island and Little Harbour Head.
Flat Island:	The position of the light on Flat Island should be checked. While this light is located in a very good position, it appears that the location is improperly designated. Its correct position should be more accurately defined to avoid the possibility of misleading strangers navigating in this area.
Deer Island - Braggs Island:	The visibility of the light located on the eastern end of Bragg's Island should be increased.
Charge Rock:	The light whistle buoy formerly in position near Charge Rock should be replaced either in its former position or in an equally good position near Middle Rock.

Man Point:	The light on Man Point should be replaced by a more effective light with a greater elevation as the present light is inadequate and can only be seen a short distance.
Burnt Point (near Seldom-Come-By):	The desirability of increasing the elevation of the light at this location should be investigated.
Herring Head:	The light tower at Caplin Cove Head at the entrance to Herring Neck should be painted, so as to conform to the descriptions given of it in various publications.
Knight's Island:	A light, which would be of value to the numerous boats and ships operating to and from Lewisporte.
Ship Rock:	The shoal known as Ship Rock near Surgeon's Cove Head should be marked with a light buoy of sufficient proportions to enable it to be used as a radar reflector.
Fishot Island:	A light and fog signal on the east side of Fishot Island.
Brent Island, Hare Bay:	An unwatched light.
Cape Rouge:	A light and fog signal.
Grey Islands:	The existing light on Bell Island should be more powerful and a fog signal established.
Partridge Point:	A more powerful and more dependable light and a fog signal should be established.
Little Bay Islands:	A fog signal.
Beach Point, Bay Verte:	A light.

(3) SOUTHERN SHORE

Trepassey:	A light on Sutton's Meadow Point.
Freels Rock (off Cape Pine):	A whistling buoy.
The Keys (off Cape St. Mary's):	Whistling or bell buoys.

(4) WEST COAST

Rich Point:	A fog signal
Kepple Island, Hawkes Bay:	A fog signal
Flower's Cove:	A fog signal
Sacred Island:	A fog signal.

(5) PLACENTIA BAY

Kingwell:	A light at entrance
Spencer's Cove:	Light on point
North Harbour:	Light on wharf
Woody Island:	Light at entrance and another on wharf.
Tacks Beach:	Light on wharf.
Isle Valen	Spar buoy on shoal at entrance.

Red Island: Two Spar Buoys put on shoals in harbour. Light put on wharf. Whistle and light buoy moored one mile opposite entrance to Merasheen Harbour, also a light and whistle buoy off dirty rocks at entrance to "Reach" between Red Island and Merasheen Island.

Presque Sound: Light on Harbour Rock port hand entrance.

Little Paradise Harbour: Light at entrance.

St. Josephs Harbour: Light on point.

Oderin Harbour: Light at entrance, port hand.

Bine Harbour: Light at entrance, port hand.

Flat Island: Light and whistle buoy off entrance where can buoy is now, also light put on Toms Island at entrance to Harbour.

Johns Bay Island: Light and fog alarm on or near Johns Bay Island or head (or light and whistle buoy moored off head).

(6) HUDSON STRAIT AND UNGAVA BAY

Resolution Island: New light erected similar to that of our famous Cape Race light.

Button Islands: This light has never been of much benefit to ships as it is very seldom in operation.

Port Burwell: This harbour is fast becoming a haven for ships and should have a light placed at its entrance.

Koksoak River entrance Chimo: A light placed in this vicinity and of sufficient power to be visible at not less than 15 miles also existing ranges attended to and painted and diamond shape day marks placed on each and painted Orange colour.

Leaf Bay: Light placed on Stony Point entrance to Bay also Radio Beacon: this Beacon would be a good help for ships going to Chimo and Leaf.

Payne Bay: Light placed near the approaches. Distance between existing lights too great, and all these lights are unwatched and cannot be depended on.

(7) GENERAL RECOMMENDATIONS

The Committee has received a number of recommendations from the coastal trade that more attention should be given to the replacement and maintenance of buoys and lights, with particular emphasis on the early replacement of buoys in the Spring. Doubtless this will be remedied when a buoy boat is available.

Prior to 1949 a series of light houses were maintained in Newfoundland by the Department of Transport of Canada to facilitate the passage of ships from the Atlantic Ocean to the St. Lawrence River. These light houses, situate at Belle Isle, Cape Bault, Cape Norman, Point Amour, Greenley Island, Flower's Cover, Ferrolle Point and Point Reach, operated during the period of navigation through the Strait of Belle Isle and usually closed somewhere between the 15th and 20th of December. It is recommended that a much later date should be set for the closing of these stations in order to facilitate navigation of our local vessels which have to operate in these waters after the above dates.

RADIO AIDS TO NAVIGATION

Over 170 vessels registered in Newfoundland and either operating in the Newfoundland coastal trade or engaged in the fishery are fitted with some type of radio equipment, which may be summarized as follows:-

<u>Type of Equipment</u>	<u>Number of Vessels Equipped</u>
Radio Telephone	177
Direction Finder	77
Radar	15
Loran	9

For most of these vessels this equipment has been installed voluntarily since only vessels of 500 tons and over are required to have radio facilities. The fact that so many vessels have seen fit to provide costly radio equipment when not strictly required to do so shows that vessel owners and masters realize the necessity and importance of radio aids to navigation. The nature of the Newfoundland coastline makes it imperative that radio equipment be used wherever and whenever possible. Great technical strides have been made in recent years in the development of marine radio and this development leads to greater safety of life at sea and enables better communication from ship to ship and from ship to shore with resultant greater economy of operation. No matter how many vessels are equipped with radio facilities, the usefulness of such equipment naturally depends on the availability of shore radio facilities.

Prior to Confederation in 1949 the Newfoundland Department of Posts and Telegraphs operated (with Canadian Marconi Company) marine radio stations at the following locations in Newfoundland and Labrador:- Twillingate, Twillingate Long Point, Burin, St. John's-Signal Hill, Corner Brook, Ramea, Battle Harbour, Point Amour, Hopedale and Cartwright.

Prior to 1949 the Canadian Department of Transport operated a number of marine radio stations in Newfoundland to facilitate the passage of ships from the Atlantic Ocean to the St. Lawrence River. These stations were located at Cape Race, Cape Bauld, Belle Isle South West, Belle Isle North East, and Flower Island. In 1943 the American Government constructed Loran stations at Bonavista and Port aux Basques in Newfoundland and at Battle Harbour in Labrador. These stations were taken over by the Department of Transport in 1953 and are now operated by that Department.

Since 1949 the following new installations have been made by the Department of Transport:-

Burin	-	Small beacon
Devil's Head	-	Small beacon
Channel Head	-	beacon.

The station at Ramea has been removed and the marine facilities at Battle Harbour have also been removed. The facilities at Cape Ray have been removed, but, these facilities have been replaced by the new facilities at Channel Head.

At the moment, therefore, the following marine radio aids are available around the coasts of Newfoundland and Labrador:-

NEWFOUNDLAND:-

Port aux Basques	Loran station
Channel Head	Fixed radio beacon
Burin	Coast station (radio telephone only) and fixed radio beacon.
Cape Race	Coast station, fixed radio beacon, and direction finding station.
St. John's (Signal Hill)	Coast station and direction finding station.
Bonavista	Loran Station
Twillingate	Coast Station (radio telephone only)
Twillingate Long Point	Fixed radio beacon
Cape Bauld	Fixed radio beacon
Belle Isle South West	Coast station and direction finding station
Belle Isle North East	Fixed radio beacon
Flower Island	Fixed radio beacon
Devil's Head	Fixed radio beacon
Corner Brook	Coast station (radio telephone only)

LABRADOR:-

Battle Harbour	Loran station
Point Amour	Fixed radio beacon
Hopedale	Coast station
Cartwright	Coast station

A map showing the relative position of the foregoing listed stations is included in this Brief.* If this map is compared with a map showing the location of marine radio aids in the other Atlantic Provinces, it will be seen that there are far fewer aids available along the Newfoundland and Labrador coasts. In this connection, the importance of Newfoundland as a land-fall for trans-Atlantic vessels should be borne in mind, but, of primary importance is the ever increasing use being made of radio facilities by the Newfoundland coasting fleet and by fishing vessels. For these reasons the Committee feels that marine radio aids in Newfoundland and Labrador should be increased; in the first instance to bring them up to the standard of facilities available in the other Atlantic Provinces, and in the second instance to meet the ever growing need for navigation aids of this type.

Radio aids to navigation are the responsibility of the Federal Department of Transport and the Committee feels that praise is due the local Telecommunications Division of that Department for the work it has done in connection with radio aids. The Committee feels that if the following suggestions are approved and implemented and the requested facilities established, the local Telecommunications Division will effectively operate and maintain such facilities.

* See Appendix B.

Having studied the need for new marine radio aids to navigation at some length and having sought the advice of persons familiar with our coasts, the Committee recommends as follows:-

- (1) That each radio beacon station in Newfoundland and Labrador which is not now equipped with radio telephone equipment should have such equipment added. Since so many Newfoundland vessels are equipped with radio telephone facilities, this added aid would be of considerable value, especially for emergency use. The stations requiring this additional equipment would be Channel Head, Devil's Head, Twillingate and either Flowers Island or Point Amour.
- (2) Burin:- That the radio beacon now installed at Burin North be moved to Burin Island and that a synchronized radio beacon be established. In its present position at Burin North, the radio beacon is of very little value to shipping using that port.
- (3) Gull Island:- That the automatic radio beacon scheduled for erection at Surgeon's Cove Head at the entrance to Ship Run in Bay of Exploits should be installed on Gull Island off Cape John. In the latter location a radio beam would be of practical value to a far greater number of ships.
- (4) Cape Spear:- As the direction finding facilities at Signal Hill, St. John's, seem to be of little value to shipping because of poor location, it is recommended that an automatic radio beacon be established at Cape Spear. At the latter location there are existing buildings which could house the necessary equipment and commercial power is available. Such a station would be of great value to ships using the port of St. John's.
- (5) Cape Bonavista:- That an automatic radio beacon be added to the existing loran station at Cape Bonavista. Here also there are existing buildings to house the equipment and commercial power is also available. As well as being an important facility for vessels making a land-fall in the area, such a station would serve the needs of coastal vessels proceeding along the east coast of Newfoundland, especially in the Bonavista Bay area.
- (6) Twillingate:- That the existing coast station at Twillingate which is now being operated under contract by Canadian National Telegraphs should be taken over and operated by the Department of Transport personnel (which Department operates all the other stations in Newfoundland) so as to provide better service and better hours of operation.
- (7) Cabot Island:- That a radio beacon be established on this Island which so frequently is the land-fall for trans-Atlantic ships.
- (8) Cape St. Mary's:- That an automatic radio beacon be installed at Cape St. Mary's to serve the needs of vessels operating in that area.
- (9) Ramea:- That the marine radio facilities be restored to Ramea since without such a station there are now no facilities along the southwest coast between Burin and Channel Head.

The above list of recommendations is for facilities which the Committee feels to be of primary possible opportunity. In addition, the Committee wishes to recommend that marine radio facilities be established at the following places, where the Committee feels that the need, though existing, is less urgent:-

Pass Island,
Grand Bank Cape,
Riche Point,
Cape Rouge.

Apart from the existence of marine radio aids, the existence of good general communication facilities is of primary importance to the coastal trade. In this connection the Committee is particularly concerned about the general poor state of communications on the southwest coast. The Committee understands that experiments were conducted by the Canadian National Telegraphs to ascertain the practicability of establishing an F.M. radio link from Grand Bank to Ramea to Channel. This link was not implemented and as a consequence communications in the area are poor. Because of the scattered areas of location along the southwest coast, most of them small, it is doubtful that communications in this area will ever be an economic proposition. It may well be, therefore, that the situation requires that the Government Telegraph Service Branch of the Department of Transport be called upon to provide the necessary facilities in this area, rather than Canadian National Telegraphs. With the growing fishery development in this area the need of improved communications in the area is urgent.

In order to improve existing facilities at the coast stations of Burin and Corner Brook the Committee recommends that telegraph equipment be added to these stations.

MARINE INSTALLATIONS

The Economic functioning of the coastal trade depends, to a large extent, on the shore facilities available. This is especially true of wharves. If a particular port lacks a wharf or if the depth of water at the wharf is not sufficient to allow a coasting vessel to tie up, a vessel bringing cargo to that port is forced to anchor off shore and unload its cargo into small boats. A similar problem exists when loading in such places. As a result, a great deal of time is lost and expense incurred - both important elements in the economic functioning of the coasting trade. Throughout Newfoundland and Labrador there is still some need for new wharf facilities, but an extensive programme of new wharf building and renovation of existing wharves, has been carried out by the Federal Department of Public Works since 1949. The Committee makes no specific recommendations with regard to the development of wharf facilities, but it commends the Department of Public Works for the work which has been done to date and earnestly hopes that this Department will continue its programme until the whole Province is adequately served by wharves and jettys.

The question of the improvement of harbour facilities by dredging, removal of obstacles, etc., is also of considerable importance to the coastal trade and the Committee requests the Department of Public Works to continue its programme in this connection also. A particular need exists for the making of harbours on the West Coast of Newfoundland between Port aux Basques and Port Saunders, for, at the moment, except for the shelter provided by Bonne Bay and Bay of Islands, there are no harbours of refuge for coasters or fishing ships along this much frequented Coast.

DOCKING FACILITIES

It is a matter of the greatest concern to the Coastal Trade that Newfoundland lacks necessary facilities for the proper care, servicing and repair of small vessels ranging from 10 tons up to 400 tons.

At the moment only the following docking facilities are available:

St. John's: A graving dock is operated here by the Canadian National Railway, Newfoundland marine services, but it is a dock primarily suited for the servicing of their own vessels and the repair of bigger vessels needing repair and those coming to the port in a damaged condition. This dock is in no way suitable for the repair of small wooden vessels without a heavy loss of revenue being involved; vessels often lose a considerable amount of time waiting for accommodation at the dock, being held up, sometimes for quite long periods, while large vessels of steel construction are receiving extensive repairs.

St. Anthony: This place, which is situated at the far northern extreme of Newfoundland, has a good harbour, and a small slipway was built for the servicing of the Grenfell Mission and Labrador vessels. But the repair facilities are not sufficient for the operation of an efficient yard where time is a governing factor. Further, because this facility is only operative during the navigational season from May to October the number of vessels it can handle is very restricted. While no definite figures are available, it is considered very doubtful if the dock can handle more than forty dockings a season.

Prior to 1949, four marine railways suitable for small vessels were in operation, two at Harbour Grace, Conception Bay, and two at Burin. None of these facilities are now in operation and all are believed to be beyond the state of economic repair.

Bay Bulls: During the last War, the Royal Canadian Navy constructed a marine railway at Bay Bulls on the East Coast, near St. John's, for the repair of corvettes and destroyers. This marine facility ceased operations in 1946 and has not since been operative.

The problem has been aggravated by the fact that while facilities have dwindled, the need for facilities has increased greatly since 1949.

While our vessels have not increased in number in such a short time, now, as a Province of Canada, we are subject to the Regulations contained in the Canada Shipping Act in respect to the annual docking and inspection of ships. One may say that we also inspected our ships when we were in Newfoundland, but not to the same degree as is now required, as for example the regulation for the inspection of fishing vessels were not as stringent as under the Canada Shipping Act. The facilities we then had were ample for our needs; besides many vessels never saw a drydock or slipway, but were beached at some favourable place and painted

and repaired to suit the fisherman's requirements. Today, while the practice of beaching a vessel for repairs and inspection is quite in order, it would be very difficult for inspectors to get around to see all these vessels as now required in the Canada Shipping Act, and not only that, it would be difficult to get sufficient inspectors to carry out such work. Under existing conditions C.S.I. Inspectors are greatly handicapped in carrying out their duties, and are forced to work under the most difficult conditions.

Under present regulations, the following classes of vessels must be inspected and drydocked each year:

- Passenger vessels.
- Non-passenger vessels over 150 tons (freight, deep sea and coasting - not fishing).
- Fishing ships over 150 tons.

The following classes of vessels must be inspected and drydocked at least once in every four years:

- Non-passenger ships under 150 tons (freight, deep sea and coasting - not fishing).
- Fishing vessels under 150 tons.

The Newfoundland division of C.S.I. estimates that the minimum number of drydocks required for inspection purposes only over a four year period is 876, or an average of 219 vessels a year. It is to be noted that these figures take no account of emergency dockings and the requirements of foreign vessels. Moreover, many vessel owners whose vessels are under 150 tons would undoubtedly dock them every year for bottom painting, etc. if facilities were available. Now that a policy of expanding our fisheries by the use of modernized fishing vessels, engines and equipment is being implemented in Newfoundland it is all the more important that facilities be available to service these vessels, so that the fishing fleet can be kept operating efficiently. At a conservative estimate, therefore, the Committee feels that at least 300 dockings a year would be carried out in Newfoundland if facilities were available.

Many owners, in desperation to have their vessels serviced, docked and repaired, have gone to the Canadian mainland to have such work carried out. This is very costly to the owners, as they steam many miles to get this work done, losing considerably more time than if suitable facilities were nearer their operations. Facilities in Newfoundland would mean more fishing days or coasting days, as the case may be.

Due to the lack of facilities for docking in Newfoundland many vessel owners have been sending their vessels to St. Pierre for overhaul and repair. St. Pierre is a French possession located approximately 20 miles southwest of the Grand Bank Peninsula on the south coast of Newfoundland. From April, 1955 to June 21st, 1955, for example, at least 10 Newfoundland registered vessels were known to have been docked for inspection at St. Pierre ranging from 23 to 325 tons and with a total tonnage of 904 gross tons, and a number of other vessels from Newfoundland have doubtless docked at

St. Pierre for repairs not requiring inspection. But on their return to Newfoundland such vessels are subjected to a 25% customs duty on the value of repair work done. Since sufficient facilities are not available in Newfoundland and since the vessel owners concerned are merely trying to keep their vessels in the trade of the country, the Committee feels very strongly that an arrangement should be worked out whereby the duty thus collected can be refunded to the owners until such time as adequate repair facilities are available in Newfoundland. Otherwise, the effect of a 25% duty on repairs is to add an intolerable burden to the attempt being made to operate these vessels economically. As has been seen, the coasting fleet of Newfoundland is, on the average, an old fleet, and as each year goes by, the need of greater docking facilities increases, to enable these vessels to be maintained in good condition and not allowed to fall into such a state as to make economic repair impossible, especially in these days when the cost of replacement is so great.

The Committee emphasizes

- (1) the need of additional docking facilities;
- (2) that such facilities are essential to the future of the small vessel operation whether such vessels be engaged in fishing or coastwise trading.

It is urged that the whole matter of providing suitable docking facilities should be taken under review immediately and steps be initiated by the proper authorities to remedy the present absolute lack of any suitable docking facilities whatsoever. The Committee feels it is imperative that the Federal Government send a dockyard expert to Newfoundland to make an on-the-spot survey in conjunction with Provincial Government authorities so that the present emergency can be resolved. This Committee does not know where jurisdiction and responsibility lies for the providing of docking services, but as the coasting fleet must be maintained to carry on the service which only it can perform to supply the needs of the communities scattered around our coastline, something must be done soon.

To alleviate the conditions existing there is at least one locality where service could be given to a large number of boats of the small coaster class, as well as passenger boats and fishing vessels up to 70 tons and that is at Lewisporte in Notre Dame Bay. This town is a thriving trans-shipment centre for traffic in and around Notre Dame Bay, Green Bay, White Bay and the Northern Peninsula. The C.N.R. has a rail service to Lewisporte from which C.N.R. steamers take freight to as far around as Curling. From Lewisporte there is a good road to Notre Dame Junction connecting with Gander to the east and Grand Falls to the West. At both of the named places there are machine shops where efficient repairs on engines could be carried out. In Lewisporte itself, there is a garage where ordinary mechanics work could be done and with the need arising, no doubt, other facilities would grow up.

The Committee recommends that a survey be instituted at Lewisporte to locate a suitable land site and approaches and that a slipway be erected there to

service boats up to 70 tons. The type of installation needed there is a winch with a haul up runway of concrete or stone supporting marine rails and trolleys feeding a cross runway to facilitate simultaneous service to a number of vessels[¶]. At the present time boats are hauled up on mud flats or beaches and repairs, painting and inspection are carried out under most difficult conditions. Sometimes the keels and lower parts of boats cannot be inspected as the boats are too far embedded in mud. Such an installation would not appear to be costly.

Somewhat briefly the Committee wishes to emphasize that a relative need of emergency exists affecting all vessel interest and types of boats in Newfoundland, due to the lack of adequate docking facilities and requests that immediate consideration be given to its recommendations in this connection.

[¶] See Appendix "C"

The Committee on Newfoundland Coastal Shipping welcomes the opportunity which has been afforded to present its views to the Royal Commission on Coasting Trade and trusts that recommendations will be favourably received and implemented.

Respectfully submitted,

Ross Young Chairman

James C. Grieve Member

Richard A. Harvey Member

Archibald Hayes Member

Donald Hollett Member

APPENDIX A

STATISTICAL ANALYSIS
AND
BREAKDOWN BY TONNAGE GROUPS OF
CARGOES CARRIED BY
NEWFOUNDLAND COASTING VESSELS
DURING YEAR 1954

(Based in part on data provided
by majority of vessel owners
of actual cargoes carried and
in part conservatively estimated
from gross tonnage of vessels
not reporting cargo returns, and
average number of trips taken
from reported tonnage classes.)

(Ref. p. 10)

TOTAL CARGO CARRIED UNDER TONNAGE GROUPS AND PERCENTAGE
OF TAKE

				Percentage	
10 - 30 Tons	Accounted for	4,683 Tons	5%)	
	Unaccounted	12,275 "			
	Total	16,958 "			
30 - 40 Tons	Accounted	7,020 Tons)	
	Unaccounted	11,880 "	6%		
	Total	18,900 "			
40 - 50 Tons	Accounted	2,855 Tons)	
	Unaccounted	6,328 "	2½%		
	Total	9,183 "			36%
50 - 60 Tons	Accounted	12,706 Tons)	
	Unaccounted	7,208 "	6½%		
	Total	19,914 "			
60 - 70 Tons	Accounted	10,342 Tons)	
	Unaccounted	6,851 "	5%		
	Total	17,193 "			
70 - 80 Tons	Accounted	18,670 Tons)	
	Unaccounted	3,624 "	7%		
	Total	22,294 "			
80 - 90 Tons	Accounted	9,695 Tons)	
	Unaccounted	3,315 "	4%		
	Total	13,010 "			
90 - 120 Tons	Accounted	26,646 Tons)	
	Unaccounted	16,416 "	12%		12%
	Total	43,062 "			
120 Up	Accounted	153,285 ")	
	Unaccounted	25,088 "	5½%		5½%
	Total	178,373 "			
				<u>100%</u>	<u>100%</u>

VESSELS REPORTING SEASON'S OPERATIONSummary Vessels Cargo Tonnages

<u>Tons</u>	<u>Vessels</u>	<u>Gross Tons</u>	<u>Average Trips</u>	<u>Cargo Tons</u>
10 - 30	9	185	13	4683
30 - 40	7	236	14	7020
40 - 50	5	217	17	2855
50 - 60	12	652	18	12706
60 - 70	11	725	25	10342
70 - 80	11	818	22	18670
80 - 90	6	506	18	9695
90 - 120	15	1609	14	26646
120 up	47	10373	20	153285
	<u>123</u>	<u>15321</u>	<u>18</u>	<u>245902</u>
	58%	71%		73%

UNREPORTED VESSELS, BASING CALCULATION ON AVERAGE TRIPS PER TONNAGE RANGE OF VESSELS, ASSUMING GROSS TONNAGE IS VESSELS CARRYING CAPACITY. THIS WILL GIVE A VERY CONSERVATIVE FIGURE AND OVERALL PICTURE COULD EASILY BE INCREASED BY 40% OF TOTAL.

<u>Tons</u>	<u>Vessels</u>	<u>Gross Tons</u>	<u>Average Trips</u>	<u>Cargo Tons</u>
10 - 30	20	491	25	12275
30 - 40	15	540	22	11880
40 - 50	10	452	14	6328
50 - 60	7	424	17	7208
60 - 70	8	527	13	6851
70 - 80	4	302	12	3624
80 - 90	3	255	13	3315
90 - 120	13	1368	12	16416
120 up	11	1792	14	25088
	<u>91</u>	<u>6151</u>	<u>16</u>	<u>92985</u>
	43%	29%		27%
Grand Total	<u>214</u>	<u>21472</u>	<u>17</u>	<u>338887</u>

VESSELS 10 TO 30 TONS GROSS

	<u>Gross Tons</u>	<u>Year</u>		
1 - Passenger Ship	13	1941	Persons 18	-
1 - Cargo " (30)	20	1945	Cargo Tons	710
1 - Passenger "	24	1926	Passenger	-
1 - Cargo " (24)	27	1930	Cargo	1248
	(35)	1944	"	70
	(18)	1951	"	360
	(20)	1943	"	1600
	(35)	1947	"	105
	(20)	1947	"	100
Passenger	19	1944	Passenger	
Cargo (20)	15	1947	Cargo	40
" (10)	14	1943	"	450
(--) Not Operating	21	1939		
Totals	212	262	13) 547 (42	4683

	52	
	27	
3 Passenger Vessels 13 + 24 + 19	56	262
1 Cargo Vessel 21 not operating	21	77
	77 tons	185

185 Tons Gross; Capacity 212 Tons; Total Tonnage Carried 4683 tons.

No. of Vessels	Total Gross Tons	Total Capacity	Total Tons Carried	Average Age
9	185	212	4683 tons	1942-13 yrs
Passenger 3	56			
Cargo 1	21	35	Not operating	

Total 13 Vessels 262 Gross Tonnage
Un-
repor-
ted 20 " 491 " " Average 25 trips = 12,275 Tons

VESSELS 30 TO 40 TONS GROSS

	<u>Gross Tons</u>	<u>Capacity</u>	<u>Total Cargo Tons</u>
1 - Cargo	33	28	1946
	37	60	26
	32	40	33
	35	50	46 $\frac{1}{2}$
	28	50	47
	35	50 $\frac{1}{2}$	45
	36 $\frac{1}{2}$	60	35
	34	40	46 $\frac{1}{2}$
$\frac{1}{2}$ Not Operating	34	40	46 $\frac{1}{2}$
	<u>270</u>	<u>378</u>	<u>8)324(40.5</u>
	34	40	32
	<u>236</u>	<u>338</u>	<u>40</u>

No. of Vessels'	Total Gross Tons	Total Capacity	Total Tonnage Carried	Average year & age
7	236	338	7020 tons	1941 - 14 years
$\frac{1}{2}$ 1	34	40	Not operating	

Total 8 Vessels 270 tons gross

Unreported 15 Vessels 540 tons gross Average 22 Trips 11,880 tons

VESSELS 40 TO 50 GROSS TONS

	<u>Gross Tons</u>	<u>Capacity</u>	<u>Total Cargo Tons</u>
1 - Cargo	42	35 1935	875
	44	40 35	680
	46	40 * 50	300
*Not Operating	49	60 35	
	39	35 34	350
	46	50 * 50	650
*Not Operating	49	60 35	
	<u>315</u>	<u>320</u> 7) <u>274</u> (39	<u>2855</u>
	98	21	
	<u>217</u>	<u>64</u>	
		<u>63</u>	

<u>No.of Vessels</u>	<u>Total Gross Tons</u>	<u>Total Capacity</u>	<u>Total Tonnage Carried</u>	<u>Average year & age</u>
5	217	320	2855 tons	1939 -
2	98	120		16 years
				Not Operating

Total 7 Vessels 315 Gross Tonnage

Unreported 10 " 452 " " Average trips 14 = 6,328 tons

VESSELS 50 TO 60 GROSS TONS

	<u>Gross Tons</u>	<u>Capacity</u>	<u>Total Cargo Tons</u>
1 - Cargo	59	60	1948
	50	45	36
	58	48	47
	52	45	34
	59	70	36
	51	70	47
	57	90	34
	51	43	22
	56	90	52
	54	46	06
	52	70	35
	53	70	45
	<u>652</u>	<u>747</u>	<u>12)442(37</u>
			<u>36</u>
			<u>82</u>
			<u>84</u>
			12706

No.of Vessels	Total Gross Tons	Total Capacity Carried	Average year & Age	Total Cargo Tons
12	652	747	1937 - 18 years	12,706

Total 12 Vessels 652 Gross Tons

Unreported 7 " 424 " " Average trip 17 = 7,208 Tons.

VESSELS 60 TO 70 GROSS TONS

	<u>Gross Tons</u>	<u>Capacity</u>		<u>Total Cargo Tons</u>
1 - Cargo	69	58	1944	1102
	67	58	35	870
	62	100	50	500
	62	80	34	720
Not Operating	66	85	35	
	68	50	05	1050
	68	85	35	780
	69	100	26	1200
	64	75	26	350
	61	90	49	1350
	67	90	29	1530
	68	90	27	890
	<u>791</u>	<u>961</u>	12)395(33	<u>10342</u>
	66	85		
	<u>725</u>	<u>876</u>		

No. of Vessels	Total Gross Tons	Total Capacity	Total Cargo Carried	Average Year & Age
11	725	876	10,342	1933 -
1	66	85	Not operating	22 years
Total Number of Vessels 12 791 Tons Gross				
Unreported	"	8 527 "	"	Average Trips 13 6,851 Tons

VESSELS 70 TO 80 TONS GROSS

	<u>Gross Tons</u>	<u>Capacity</u>		<u>Total Cargo Tons</u>
1 - Cargo	78	100	1935	1900
	74	50	36	500
	71	80	46	1360
	72	80		1280
	79	53	48	530
	79	60	37	960
	75	100	34	700
	74	64	36	440
	75	75	36	9000
	71	120	24	1200
	70	100	35	800
	<u>818</u>	<u>882</u>	<u>367</u>	<u>18670</u>

No. of Vessels	Total Gross Tons	Total Capacity	Total Cargo Carried	Average year & age
11	818	882	16,670 tons	1933 - 22 year

Total Number of Vessels 11 - 818 Gross Tonnage

Unreported " 4 - 302 " " Average Trips 12
3,624 Tons

VESSELS 80 TO 90 TONS GROSS

	<u>Gross Tons</u>	<u>Capacity</u>	<u>Total Cargo Tons</u>
1 - Cargo	82	120	1949
	82	140	35
	88	74	30
	86	125	47
	81	120	
	87	120	25
	<u>506</u>	<u>699</u>	<u>186</u>
			9695

No. of Vessels	Total Gross Tons	Total Capacity	Average Year & Age	Total Cargo Carried
6	506	699	1937 18 years	9,695 tons

Total Number of Vessels 6 - 506 Gross Tons

[illegible]

VESSELS 90 TO 120 TONS GROSS

	<u>Gross Tons</u>	<u>Capacity</u>		<u>Total Cargo Tons</u>
1 - Cargo	92	100	1941	1300
	92	78	48	468
	95	130	38	1430
	109	175	46	2100
	113	170	45	1190
	112	200	50½	3000
	111	177	46½	2478
	118	160	29	800
	101	120	26	240
	105	140	44	1400
	118	150	50	1800
	109	120	46	600
	120	115	28	4140
	111	175	47	3150
	103	150	34	2550
	<u>1609</u>	<u>2160</u>	<u>618</u>	<u>26646</u>

No. of Vessels	Total Gross Tons	Total Capacity	Average Year & Age	Total Cargo Carried
15	1609	2160	1941 - 14 years	26,646 ton
<u>Total Number of Vessels 15 - 1609 Gross Tons</u>				

Unreported	"	8 -	886	"	"	100 - 120 Tons
"	"	5	<u>482</u>	"	"	90 - 100 Tons
			1368	"	"	

Average Trips 12

Cargo Tons 16,416

VESSELS 120 TONS GROSS & UPWARDS

	<u>Gross tons</u>	<u>Capacity</u>	<u>Total Cargo Tons</u>	
1 - Cargo	149	220	1946	3520
	148	109	47	436
	150	295	17	1770
	134	200	16	1200
	144	200	28	2600
	329	400	45	12000
	123	174		2088
	192	250	29	2750
	134	220	48	2200
	235	265	50	2650
	202	275	46	4125
	148	200	46	3600
	138	200	21	3400
	140	215	05	2150
	186	250	46	2250
	144	200	18	3200
	175	240	20	1440
	336	400	46	6000
	325	400	44	6000
	185	275	38	2750
	573	385	44	4235
	172	215	42	1730
	271	280	20	6440
	325	400	42	6000
	263	200	43	1600
	147	200	25	600
	139	155	29	1395
	149	300	40	3600
	160	160	48	2880
	149	250	19	2500
	147	225	30	2700
	131	210	46	4620
	138	167	22	2004
	149	170	28	4250
	129	180	32	5040
	124	180	43	2700
	142	200	21	2400
	122	125	29	4250
	154	190	28	2660
	139	160	23	3680
	903	568	43	5112
	149	200	47	4000
*Fishing vessel	196	180	47	
	148	200	26	2000
	189	225	46	4050
	148	200	41	3600
	1200	1600	49	3110
	10373	12513	21)743(35	153285
			63	
			113	
			105	
No. of vessels	Total Gross Tons	Total capacity	Average year & age	Total cargo carried
47	10,373	12,513	1935 20 yrs.	153,285 tons
Total number of vessels	47	10,373 gross tons		
Total unreported	11	1,792 " "		
		Average trips - 14		
		Tons cargo - 25,088		

APPENDIX B

MAP SHOWING RELATIVE POSITION
OF EXISTING RADIO AIDS
TO NAVIGATION
IN
NEWFOUNDLAND AND LABRADOR

APPENDIX C

PHOTOGRAPH SHOWING ARRANGEMENT
OF MARINE SLIPWAY
FOR SERVICING VESSELS UP TO
70 TONS
OF A TYPE SUGGESTED AS
SUITABLE FOR LEWISPORTE

Map and illustration removed.

APPENDIX B

MAP SHOWING RELATIVE POSITION
OF EXISTING RADIO AIDS
TO NAVIGATION
IN
NEWFOUNDLAND AND LABRADOR

SUBMISSION OF EVIDENCE

on behalf of

THE PROVINCE OF MANITOBA

PREFACE AND SUMMARY

- (1) In this submission, the province of Manitoba is primarily concerned with aspects of the Coasting Trade that relate to movements to, from or within the Great Lakes.
- (2) The province of Manitoba is firmly opposed to the imposition of any further legislative restrictions on the coasting trade of Canada, and in particular to the imposition of any further legislative restrictions that would affect the coastal or international movement of cargoes to, from or within the Great Lakes and St. Lawrence River.
- (3) The imposition of restrictive legislation can serve only to nullify the benefits that are inherent in the enlargement of the St. Lawrence Seaway. These potential benefits, if realized, will bring important advances to the economic welfare and development of Canada. It is because of these net national benefits that the Seaway itself is being constructed, after decades of planning and at a considerable cost. To cancel these potential benefits by now imposing legislative restrictions on shipping in the Great Lakes, merely in order to protect a small special interest group within the economy, would be the height of economic and fiscal folly.
- (4) The enlargement of the St. Lawrence Seaway, and related navigational projects will make available a direct water route with a minimum depth of 27 feet, between the Upper Lakes and the Atlantic Ocean. The opening of this enlarged route will unquestionably reduce the costs to the ship operators of transporting goods by water between the upper lake ports and their hinterlands on the one hand and lower lake, St. Lawrence, and foreign ports on the other. In order for this nation to reap the benefits of these lower costs, these costs must first be reflected in lower water transportation rates.
- (5) The existence of competitive forces is a prime factor that is necessary in order to insure that these lower costs are in fact reflected in correspondingly lower rates. Any move that will negate these competitive forces by means of restrictive legislation is thus clearly against the national interest. We contend, therefore, that the present coasting provisions of the Canada Shipping Act of 1934 (Chap.13) be maintained. We further contend that serious consideration be given to the possibility of further opening the coasting trade of Canada to vessels of all friendly nations.
- (6) The principal argument that is being made in favour of more restrictions on coastal shipping is:
 - (a) that shipping is an essential defence industry and that Canada's defence requires the maintenance on a nucleus basis of domestic shipbuilding and ship operating skills.

- (b) that unless further restrictions are now imposed on coastal shipping, this nucleus will be destroyed by low wage competition from non-Canadian shipbuilding and ship operation.

Manitoba is in complete accord with the first part of this thesis. We do not agree with the second half of the argument. There is now no evidence which shows that the preservation of an adequate defence reserve nucleus of shipbuilding and ship-operating activities is threatened by the forthcoming Seaway.

- (7) If, at some future date, it does become evident that these defence reserve nuclei of shipbuilding and ship-operating skills are actually threatened, it would follow that one or both of these industries should receive the measure of assistance that is required to maintain them at a level consistent with approved defence needs. If this should happen, and defence considerations are clearly involved, the appropriate form of assistance is not the imposition of restrictive shipping policy: the net cost, if any, of this maintenance is properly an item of national defence expenditure, and should be treated as such. To the extent that the domestic shipping and shipbuilding industries are not essential items of national defence, these industries should be prepared to operate within a competitive framework. In either case, the argument for assistance to these industries through further protective legislation is not a valid one.

THE ST. LAWRENCE SEAWAY AND TRADE

- (8) What the enlargement of the St. Lawrence Seaway will make available is the physical possibility of moving cargoes in much larger vessels than at present between Great Lakes ports west of Prescott, Ontario, and the ocean ports of the world, including Montreal. At present, the Prescott-Montreal passage is restricted to ocean-going vessels of about 2,600 deadweight tons, able to carry about 1,600 tons through the present canals and locks, and to "canallers" of up to about 3,000 tons capacity. After the enlargement, this passage will be able to accommodate ocean-going vessels of up to about 9,000 tons of cargo capacity, and "upper lakers" of up to about 24,000 tons. The use of these larger vessels and the elimination of the trans-shipment that is now necessary for the Prescott-Montreal passage would reduce the cost to the vessel operator of moving cargoes over this route.

- (9) Whether these lower costs will, in fact, produce correspondingly lower levels of freight rates, or whether they will accrue in whole or in part to vessel operators, will depend upon the play of competitive forces within the Great Lakes. This, in turn, is determined by the policies which may be adopted with regard to coastal shipping.

- (10) If the cost reductions inherent in the Seaway become fully reflected in rate reductions, the benefits to the Canadian economy will be considerable.

International Trade - Canadian exports to overseas markets will be in a stronger competitive position. Canadian grain, for example, now competes with grain from Australia,

Argentina and other areas which have better access to ocean transportation. Lower transportation rates made possible by the enlargement of the Seaway would eliminate part or all of the locational disadvantage which now exists. For Canada, which derives 20 to 25 per cent of its national income from exports, especially of primary products, this improvement in her competitive position is likely to be of considerable benefit.

Canada imports a substantial proportion of its industrial and consumer requirements from overseas. Any reduction in the laid-down cost of these imports would accrue directly as a benefit to Canadian consumers and to Canadian industry.

Canadian Internal Trade - Canada is a country of vast distances and a sparse population, except for a highly localized concentration in the lower Great Lakes and St. Lawrence areas. It is highly dependent upon extensive production of raw materials and foodstuffs that require transportation over great distances to the concentrated markets of central Canada. In return, the areas of extensive production receive consumer goods and productive equipment only after they have been subjected to transportation over long distances, with consequently relatively higher prices at the point of use. Minimization of these transport costs is, therefore, essential to the effective development of internal trade. The contribution of the St. Lawrence Seaway to the minimization of transport costs will be an important impetus to Canada's internal trade.

Transportation Industries - All types of carriers will, in the long run, share in the increased level of industrial and commercial activity that will be stimulated by the reduction of costs over the Seaway route, and the consequent increase in the total volume of traffic.

(11) If the cost reductions inherent in the Seaway are negated by restrictive legislation, it is much less likely that these reductions will bring about a corresponding lowering of freight rates. The negative effects of a restrictionist policy with regard to coastal shipping are discussed below.

- (a) The important benefits to international and internal trade outlined above will not be realized.
- (b) The exclusion of non-Canadian British shipbuilding and vessel operation from participation in Canadian coastal trade will deprive the United Kingdom of dollar revenues she might otherwise have earned. This, in turn, would impair her ability to purchase Canadian products. In addition, the possibility of retaliatory measures must be considered.
- (c) Many important Canadian industries and localities are likely to be seriously handicapped if shipping restrictions are increased. One example is the movement of Labrador iron ore to Canadian blast furnaces. This ore can now move to blast furnaces in the United States in vessels of any registry. If non-Canadian British shipping is excluded from participation

in Canada's coasting trade, this will undoubtedly result in a much higher laid-down cost of Canadian ore to Canadian manufacturers relative to manufacturers in the United States. Another example is the movement of coal from Nova Scotia to the metropolitan consuming centers along the St. Lawrence River and on the Great Lakes. The largest part of this movement is now carried in non-Canadian British bottoms. Exclusion of these bottoms would raise the cost of coal in the consuming areas. A third example of the consequences of restriction would be the destruction of existing shipping services between Newfoundland and other parts of Canada. Many other examples could be cited. It must be remembered that the adverse effects are cumulative. When the welfare of any important segment of the Canadian economy is adversely affected, the adverse effects will be transmitted to other parts of the economy, through a decrease in the purchasing ability and needs of the affected segment.

- (d) The Prairie Provinces in general, and Manitoba in particular, are areas upon which the future of freight rates via the St. Lawrence Seaway will have a direct and significant effect. This is due to the fact that a large proportion of the items produced and consumed in these provinces is subject to movement through the present Prescott-Montreal bottleneck, which the enlargement of the Seaway will largely overcome. The minimization of transportation expenses via the water route will have a direct or indirect effect upon the expense of shipping freight in and out of these provinces by any type of carrier. The Prairie Provinces, therefore, are vitally interested in preventing any changes in the present legislation affecting coastal shipping, that would prevent the freight rates from reflecting the full benefits of the Seaway enlargement.

- (12) In any discussion of the future of freight rates on the Great Lakes and via the Seaway, it must be pointed out that the relevant comparison is not between present rates and future rates, but rather between rates as they would be in the future under alternative policies that might be adopted. The optimum benefits of the Seaway project require not only that rates be no higher than they now are, but rather that rates be as low as possible relative to the level of future costs to vessel operators, and consistent with the long-run availability of an adequate supply of bottoms. If policy is explicitly directed toward this end, Canadian vessel operators and builders, as well as alternative forms of transportation serving the same areas will undoubtedly be subjected to an increasing measure of competition. It is precisely the force of this potential competition which will

insure that cost reductions are passed on to the rest of the economy as freight rate reductions. The stimulation to trade and development that these rate reductions will bring about is, in the long run, a necessary condition for the healthy development of the Canadian economy as well as for the prosperity of the domestic transportation industry. The railways and the present Canadian ship operators within the Great Lakes will share in the increased level of economic activity and trade.

THE SEAWAY AND CANADIAN COASTAL SHIPPING INDUSTRY

- (13) We believe that Canadian coastal shipping now operating within the Great Lakes and on the upper St. Lawrence River is not threatened by the possible forms of competition which may be introduced into the Lakes by the enlargement of the Seaway. We therefore maintain that further restrictions upon non-Canadian shipping in the coastal trades to, from and within the Lakes are unnecessary. If introduced, such further restrictive measures would deprive the Canadian economy of the benefits which it would otherwise derive from the enlargement of the St. Lawrence Seaway route.
- (14) At present, Canadian vessels carry more than 90 per cent of the coastal trade of the nation. This proportion is even higher in the areas to be directly affected by the Seaway enlargement. Canadian coastal shipping, including that in the Great Lakes, employed some 20 thousand persons in 1953. Of this employment, 15 thousand were employed as vessel crew members, and the remainder were dock, warehouse, and office employees. The total employment in the inland division, including the Great Lakes, of coastal shipping, was about 6,500, of which 3,800 were members of vessel crews. Hence, the maximum number of persons now employed in coastal shipping who might conceivably be affected by the introduction of non-Canadian vessels into the Great Lakes coastal trade is less than 4,000. Of these, a significant minority constitute the crews aboard passenger and package freight vessels. Neither of these trades is open to serious competition from non-Canadian vessels, because of the provisions of part II of the Transport Act, 1938. These provisions require that:
- (a) any vessel transporting non-bulk goods or passengers must first receive a licence issued by the Board of Transport Commissioners for Canada; and
 - (b) before such a licence be issued the Board has to be satisfied "that the proposed service is and will be required by the present and future public convenience and necessity". Even should such a licence be issued to non-Canadian operators, the principal cost advantage possessed by such an operator, i.e. lower wages, would soon disappear when non-Canadian crews are exposed for long to Canadian standards of living and prices.
- (15) In the bulk trades, present Great Lakes Canadian coastal operators will become exposed to several forms of competition from non-Canadian British and foreign vessels:

- (a) Considerably larger ocean-going vessels than can now do so will be able to enter the Great Lakes-Overseas direct trades. These vessels will compete directly with large lake-type bulk freighters of Canadian ownership which will be operated between the Great Lakes and the lower St. Lawrence River with trans-shipment to ocean-going vessels at lower St. Lawrence ports. The relative cost per ton-mile of transportation of bulk cargo by means of these two alternatives cannot now be accurately stated. Non-Canadian ocean-going ships have a number of cost advantages: (1) lower construction costs, (2) lower crew wages, (3) elimination of trans-shipment costs at the lower St. Lawrence or ocean ports. However, the specialized lake carriers have a considerably larger cargo capacity than do ocean ships of the same draught. It has been estimated that the maximum carrying capacity of ocean-going vessels of less than 27 foot draught will not exceed 9,000 tons. The largest lake-type carriers have a capacity of 24,000 tons at their maximum draught. In addition, these "lakers" are able to load and discharge at a more rapid rate than can ocean-going vessels. All factors considered, the general opinion is that Canadian-operated lake-type vessels will maintain a cost advantage relative to ocean-going vessels for the voyage between lakehead ports and lower St. Lawrence River ports, including the costs of trans-shipment. As far as this type of competition is concerned, it appears premature to conclude that Canadian vessel operators are threatened.
- (b) A second type of competition might come from larger ocean-going vessels than are presently entering the Great Lakes which might engage in the transportation of cargoes between lakehead ports and lower St. Lawrence ports, for the duration of a season. In addition to the reasons already stated above and equally applicable in this instance, there are important further reasons why the cost position of these ocean-type vessels is likely to be less competitive with lake-type vessels. These reasons are: (1) the cost of trans-shipment is added to the additional costs per ton-mile attributable to the smaller size of the vessel, and (2) the more serious pressures that would develop to increase the wages of non-Canadian crews during extended stays within Canada.
- (c) There is the possibility that non-Canadian built and non-Canadian operated specialized lake-type British vessels will enter the bulk trades on the Great Lakes. There are three reasons why

competition from this source will not be as serious as might at first appear. In the first place, the most important initial advantage, the lower wages of the operating personnel, would soon disappear. In the second place, some compromise with the vessel's operating efficiency as a Great Lakes bulk carrier would be required in order to secure the additional structural strength for delivery of the vessel across the Atlantic. Finally, the Canadian shipbuilders and operators have long experience in the techniques associated with this highly specialized type of carrier.

- (d) A fourth type of competition would be the presence on the Great Lakes of occasional tramp ships in search of cargo during periods of exceptionally slack world demand for shipping services. There are several reasons for believing that this type of competition is not likely to upset the shipping market in any serious way. Firstly, the volume of westbound bulk traffic in the upper lakes is now, and may be expected to continue to be, much smaller than the eastbound movement. It is therefore unlikely that the pattern of traffic would result in a significant number of such tramps eager to accept eastbound cargoes at very low rates. Secondly, shippers of bulk commodities are interested in long-term relationships with dependable shipping operators and would be reluctant to prejudice these relationships by any significant diversions of cargoes to itinerant non-Canadian vessels.

- (16) In summary, there will be potential competition to the Canadian coastal trades within the Great Lakes and St. Lawrence River area under the present legislation. The possibility of this potential competition will serve as a force leading to a reduction in freight rates to a level consistent with the lower level of costs made possible by enlargement of the Seaway. However, there is little likelihood, given this lower level of rates, that domestic vessels will carry any less traffic than at present. Any loss of the market share that Canadian vessels now enjoy in these trades will be more than offset by the increase in total volume of traffic stimulated by the Seaway and by the consequent lower level of rates. There is therefore no justification for the imposition of further restrictive legislation designed to insulate Canadian vessel operators against the play of market forces. Any such legislation would sacrifice enormous benefits for the economy as a whole merely in order to provide a wall behind which an industry employing some three thousand people could be protected. The amount of effective additional protection that further restriction can provide is small in view of the relatively strong position of domestic ship operators in the inland bulk trades and the protection already provided by the Transport Act relative

to the package freight and passenger trades. The cost to the welfare of the nation of such additional protection is enormous.

SHIPBUILDING AND THE COASTING TRADE

- (17) Canadian shipyards on the Great Lakes constitute the principal component of the domestic shipbuilding and ship repair industry which will be affected by the enlargement of the St. Lawrence Seaway. During the peak post war year of shipbuilding activity, these yards employed about three thousand people as compared with a total Canadian shipyard employment of about 20 thousand. The most recent estimates indicate a present total employment in the shipbuilding and repair industry of approximately 13 thousand, of which about 1,500 is in Great Lakes yards.
- (18) The existence of the present Montreal-Prescott barrier has served to protect the shipbuilding and ship repair industry on the Great Lakes. This barrier has virtually prevented the construction of large "upper-laker" types of vessels in other than Great Lakes yards. With the enlargement of the Seaway, this barrier will be removed, and it will become feasible under present legislation for such vessels to be constructed either in other Canadian yards or in non-Canadian Commonwealth yards, and for these vessels to engage in Canada's coastal trade without the payment of import duties. In addition, it might become economically feasible for such types of vessels to be built in foreign yards and to be registered in Canada upon payment of a 25 per cent import duty. Since shipbuilding costs in Canada are higher than in any other area except the United States, the possibility of importing lake-type vessels represents a potential threat to the Canadian Great Lakes shipyards, and hence to the domestic shipbuilding industry.
- (19) In order to appraise the net effect of the Seaway project upon the domestic shipbuilding and repair industry as a whole, the following considerations must be taken into account:
- (a) Insofar as specialized upper-lake types of vessels are concerned, shipyards on the Great Lakes have the important advantage of experience and technical knowledge.
 - (b) Lake-type vessels built overseas must be so designed as to make an ocean crossing safely prior to delivery. This entails some departure from the design that would be ideal for performance under Great Lakes conditions, and such vessels would be at some disadvantage relative to their Canadian-built counterparts. In addition, special specifications would be required for the ocean crossing which are not required for ships built on the Great Lakes.

- (c) A substantial proportion of the employment in Great Lakes shipyards is engaged in repair, and in the construction of naval craft and other miscellaneous craft. Employment in these activities would not be affected by the Seaway.
- (d) At the same time that completion of the Seaway removes the physical barrier to the introduction into the Lakes of large vessels built elsewhere, it opens up the possibility for construction in Great Lakes shipyards of large vessels for use anywhere in the world. Although Canadian shipyards are relatively high-cost yards, their ability to deliver faster than many yards elsewhere is an advantage which in the past has led to construction in tidewater yards of vessels for export. Export possibilities will now be opened to Great Lakes yards, as will the possibility of constructing naval and commercial vessels for Canadian use on salt water.
- (e) Since the fleet of existing small canal-type vessels will be made obsolete, and since the large "upper lakers" will be making longer voyages through the Seaway, there will be a demand for additional vessels of lake type.
- (f) Insofar as the Maritime Commission permits the use of escrow funds held under the tonnage replacement plan administered by the Commission for construction in Great Lakes shipyards, and insofar as these funds are available at a discount, the effective cost of building a new ship is reduced.

(20) In view of these considerations, it appears that the completion of the Seaway will have a relatively small effect upon aggregate employment in the shipyards which are now serving the coasting trade in the Great Lakes. These changes would at most have an adverse effect only upon a small proportion of the 1,500 people now employed in Canadian Great Lakes shipyards. Measured in terms of relative effect upon the 13,000 people now employed in Canadian shipyards as a whole, the effect will be even smaller.

(21) With respect to national security requirements, the Canadian Maritime Commission has stated that an employment of 7,000 persons in shipyards throughout the nation would be adequate to maintain the requisite skills and facilities on a nucleus basis. About half of this number of persons would normally be engaged in ship repair. In view of these facts, we fail to understand how even the maximum reduction that could be brought about as a result of the completion of the Seaway project would affect aggregate employment in the shipyards of the nation to the extent of endangering the national security. It may be possible that, at some time in the future, factors unrelated to the Seaway or to the coastal

trade might bring about a decline in overall Canadian shipyard employment to a level that would be considered dangerous. In such event, measures might become necessary for the artificial maintenance of a minimum safe level of employment for reasons of national security. The cost of such maintenance would clearly be an item of defence expenditure, and should be directly treated as such.

COASTAL SHIPPING POLICIES

Our specific submission on Coastal Shipping Policies are as follows:

- (1) The proper goal of Coastal Shipping Policy is to insure that the maximum reduction of costs made possible by the enlargement of the St. Lawrence Seaway accrues to the Canadian economy through a maximum reduction of freight rates to, from and within the Great Lakes.
- (2) The present provisions of the Canada Shipping Act (1934) governing the coasting trade should be maintained.
- (3) The provisions regarding coasting trade should not be more restrictive for traffic to, from or within the Great Lakes than for any other part of Canada.
- (4) The question of necessary improvements and changes in port and terminal organization and facilities at lakehead should be examined.
- (5) The possibility of further opening up the coasting trade of Canada to vessels of all friendly nations should be carefully explored.

BRANCH LINES LIMITED
1405 Peel Street, Montreal, Canada

(1) IDENTIFICATION OF COMPANY AND PERTINENT
INFORMATION ON THE FLEET IT OPERATES.

This submission is made pursuant to the letter dated March 21st, 1955, addressed by the Royal Commission on Coasting Trade to Branch Lines Limited, Sorel, Quebec, inviting our Company to state its views in respect of the coasting trade of Canada.

Branch Lines Limited is a privately-owned company whose head office is at 1405 Peel Street, Montreal. The shareholders, officers and employees of the Company are all Canadian Citizens. The Company owns and operates five (5) tankers, two (2) tugs and four (4) steel barges, as follows:

TANKERS

<u>Name of Vessel</u>	<u>Deadweight tonnage</u>	<u>Number of crew</u>
Cedarbranch	3,300	23
Willowbranch	3,300	23
Elmbranch	3,600	23
Firbranch	3,600	23
Sprucebranch	3,600	23

TUGS

<u>Name of Vessel</u>	<u>Horse Power</u>	<u>Number of crew</u>
Louise Simard	1,600	21
Claire Simard	1,600	18

STEEL BARGES (without propulsion machinery)

<u>Name of Vessel</u>	<u>Deadweight tonnage</u>	<u>Number of crew</u>
MIL-461	4,500	4
MIL-462	4,500	4
MIL-463	4,500	4
MIL-464	4,500	4

Two additional barges are being built.

The Company therefore employs approximately 170 men on the above noted ships during a navigation season and pays wages to them of approximately \$450,000. per season. In addition, these crews are provided with lodging and are fed by the Company at a cost of approximately \$100,000. per navigation season. Mention also should be made of the incidence of purchases of food, fuel, lubricants and minor repair parts at various points along the coastal shipping routes of these vessels between the Great Lakes and the Eastern seaboard.

The five tankers are chartered to companies engaged in the distribution and marketing of petroleum products and they operate in Canadian waters, between the head of the Great Lakes and the St. Lawrence River to the Eastern seaboard. They are available for charter during the winter months in other waters.

The two tugs and tow barges are engaged in the transportation of pulpwood in the Gulf of St. Lawrence and around the coast of Newfoundland.

Ordinarily, all of the above vessels are harboured in Sorel, Quebec, where periodical surveys and annual repairs are carried out in the shipyard of Marine Industries Limited. While the cost of maintenance and winter repairs will vary from year to year, the average yearly expenditures for these operations during the last three years was approximately \$350,000.

(II) SUPPORT OF REPRESENTATIONS MADE TO
YOUR COMMISSION BY OTHERS HAVING
INTERESTS IDENTICAL TO OURS.

By reason of the fact that Branch Lines Limited is affiliated with Marine Industries Limited, a member of the Canadian Shipbuilding and Ship Repairing Association, we are aware that the Association has made a detailed submission to the ROYAL COMMISSION ON COASTING TRADE in support of the proposal to restrict the coasting trade of Canada to vessels built in Canada and on the Canadian registry. It is also to our knowledge that major ship owners of Canada have or will place before your Commission a comprehensive analysis of this question seeking the reservation of the coastal trade to Canadian ships. We would wish to be identified with and to support without qualification, any and all representations made to your Commission requesting the protection of Canada's coastal trade for the benefit of vessels built in Canada and registered in our Country.

(III) CANADA'S COASTING TRADE - AN INHERENT
RIGHT OF CANADIANS.

As ship-owners and ship operators, we desire in this submission to give our wholehearted support to the representations made to amend the Canada Shipping Act in such a manner as to reserve the coasting trade of Canada to vessels built in and registered in Canada.

The "Brief for Shipbuilding" presented to the Government and people of Canada by the Canadian Shipbuilding and Ship Repairing Association in 1944, Chapter 1, page 13, declares:

"In France, the transport of goods between ports in continental France and between France and Algeria, is restricted to French ships. This privilege, which was of marked benefit to French shipping, was established by laws dating back to 1793.

Only Japanese ships may enter Japanese ports, other than open ports, or carry goods or passengers between Japanese ports unless otherwise provided by law or treaty.

The outstanding example in respect to protection of national coastal shipping is that of the United States. Through an unwavering national policy, adhered to since 1789, the United States has restricted the carriage of freight and passengers

between United States ports, territories and possessions, to vessels built and registered in the country. No foreign-built or foreign-registered commercial vessel may engage in the coastal trade of the United States.

As a direct consequence of this protection, American coast-wise shipping has flourished and remained on a stable basis throughout the years."

The United States of America has recognized for a great many years that the control of coastwise traffic is strictly a domestic prerogative and has taken very strong and effective steps to maintain its domestic character. If the United States has deemed it necessary to take such action in this important domestic transportation matter, surely Canada with its scattered population and relatively longer coastline to whose economy domestic transportation is relatively more important than it is to that of the United States, should take equally effective means of protecting coastwise traffic an extremely important component of our domestic transportation system.

Furthermore, the United States and Canada, and quite properly so, have for many years appropriated and spent billions of dollars annually, not only for their own National Defence but also to assist other free nations in the preparation of their Defence against aggression. Having in mind this National Defence aspect, it is unthinkable that we in Canada should not take steps to safeguard our right to transport in Canadian ships, manned by Canadian seamen, our coastwise traffic, which is even more vital to our national economy in times of national emergency than under normal conditions.

It is a universally accepted fact that a Country's natural resources constitute a national heritage and as such must enure to the benefit of its citizens. The Great Lakes - St. Lawrence System is a great and unique natural resource the benefits of which are, of course, enjoyed by both Canada and the United States. Very substantial quantities of hydro-electric power are shared and surely the right to exploit its domestic transportation potential, which the United States has seen fit to reserve to itself, constitutes a very important natural asset as it provides for the cheapest medium of transportation into the very heart of the North American continent. Inasmuch as this System offers such a medium for the movement of goods between Canadian ports, its exploitation is an inherent right, God given, which should enure to the lasting benefit of Canadians.

Not only do we not deny, but we admit that it is the right of foreign nations to carry their goods and products to Canada in their own ships and to take goods destined to their own countries from Canada in their own ships. There is no thought that this right should be restricted, but the handling of Canadian coastwise traffic by Canadian built vessels is the inherent right of Canadians; it has been

jealously guarded in railway traffic, in highway and air traffic, and we have come to realize it would be unthinkable, in the case of rail, truck or airplane traffic, to permit or depend on foreign carriers to supply these essentially domestic services. It is just as necessary to reserve our domestic water transportation for Canadian-built ships registered in Canada, manned by Canadian crews and provisioned by Canadians, as it is to maintain domestic, railway, highway and air service in Canadian hands performed by Canadian workers.

It would be completely unacceptable to Canadians were legislative action protecting Canada's coastwise traffic not enacted and Canadian seamen be forced to stand in idleness while seamen on ships of other nations perform this coastal service which is the inherent right of the Canadian.

The Commissioners will no doubt find opposition in certain quarters to legislative action designed to protect this inherent right of Canadians, but we doubt that other than Canadians are prepared to recognize or respect our inherent rights. In this connection, attention is again directed to the fact that France, Japan, Australia, the United States and other countries have long recognized cabotage to be an inherent right of their nationals and have taken positive steps to protect this national asset.

(IV) CONCLUSION

We therefore respectfully submit that legislative action to reserve the coasting trade of Canada to Canadian built and Canadian registered ships, is not only desirable but essential to the well being and progress of our Country. A declaration of national policy to the effect that henceforth all goods carried by water, or by land and water, between two Canadian ports must be carried in vessels built in Canada and on the Canadian registry, would be of incalculable benefit to Canada in preserving this inherent right of Canadians.

BRANCH LINES LIMITED

I RENSEIGNEMENTS SUR LA COMPAGNIE ET SUR SA FLOTTE

Votre Commission royale sur le cabotage nous ayant fait l'honneur, dans une lettre du 21 mars 1955, de nous inviter à exprimer notre opinion sur le cabotage au Canada, c'est avec plaisir que nous acceptons cette invitation et que nous vous présentons respectueusement ce mémoire, qui exprime notre point de vue.

Branch Lines Limited est une compagnie privée qui a son siège social au 1405, rue Peel, à Montréal. Ses actionnaires, ses administrateurs et ses employés sont tous des citoyens canadiens. La Compagnie possède cinq (5) navires-citernes, deux (2) remorqueurs et quatre (4) chalands d'acier. En voici la description:

NAVIRES-CITERNES

<u>NOM</u>	<u>TONNAGE REEL</u>	<u>MEMBRES D'ÉQUIPAGE</u>
Cedarbranch	3,300	23
Willowbranch	3,300	23
Elmbranch	3,600	23
Firbranch	3,600	23
Sprucebranch	3,600	23

REMORQUEURS

<u>NOM</u>	<u>CHEVAUX-VAPEUR</u>	<u>MEMBRES D'ÉQUIPAGE</u>
Louise Simard	1,600	21
Claire Simard	1,600	18

CHALANDES (sans mécanisme de propulsion)

<u>NOM</u>	<u>TONNAGE REEL</u>	<u>MEMBRES D'ÉQUIPAGE</u>
MIL-461	4,500	4
MIL-462	4,500	4
MIL-463	4,500	4
MIL-464	4,500	4

Deux autres chalands sont en chantier.

La Compagnie emploie donc en saison quelque 170 hommes à bord de ses navires et elle leur paie environ \$450,000 en salaires. De plus, la Compagnie débourse, au cours de chaque saison de navigation, environ \$100,000 pour le logement et la nourriture de ces équipages. Il y aurait lieu de mentionner aussi les achats de nourriture, de carburants et de lubrifiants, ainsi que de pièces pour réparations courantes, à divers endroits sur le parcours de ces navires entre les Grands Lacs et le littoral de l'Atlantique.

Nos cinq navires-citernes sont des pétroliers affrétés par des compagnies qui distribuent et vendent des produits pétroliers, et ils naviguent dans les eaux canadiennes, entre les Grands Lacs, le St-Laurent et le littoral de l'Atlantique. En hiver, ils sont disponibles pour la navigation dans d'autres eaux.

Les deux remorqueurs et les chalands transportent du bois à pôte dans le golfe St-Laurent et sur la côte de Terre-Neuve.

Le port d'attache de tous ces navires est à Sorel, P.Q., où ils subissent leurs inspections périodiques et leurs réparations annuelles dans les chantiers de Marine Industries Limited. Bien que les frais d'entretien et des réparations d'hiver varient d'une année à l'autre, ils ont été en moyenne de \$350,000 par an au cours des trois dernières années.

II APPUI DONNÉ AUX OPINIONS PRÉSENTÉES DEVANT VOTRE COMMISSION ET D'AUTRES, DONT LES INTERETS SONT IDENTIFIÉS ET DÉFINIS

En raison du fait que Branch Lines Limited est affiliée à Marine Industries Limited, une compagnie membre de l'Association canadienne de construction de navires, nous savons que cette association a présenté à la Commission royale sur le cabotage un mémoire détaillé appuyant la demande que le cabotage canadien soit restreint aux navires construits et inscrits au Canada. Nous savons aussi que les principaux armateurs du Canada soumettront à la Commission, s'ils ne l'ont déjà fait, une étude détaillée de la question de restreindre le cabotage aux navires canadiens. Nous désirons ici appuyer sans réserve et faire nôtres tous les arguments formulés devant votre Commission qui militent en faveur de la restriction du cabotage canadien aux seuls navires construits et inscrits au Canada.

III LE CABOTAGE CANADIEN - UN COMMERCE QUI APPARTIENT D'ABORD AUX CANADIENS

À titre d'armateurs, nous désirons dans ce mémoire accorder notre entier appui aux propositions visant à obtenir que la Loi sur la marine marchande du Canada soit amendée de façon à restreindre le cabotage canadien aux navires construits et inscrits au Canada.

"La construction maritime", une brochure présentée en 1944 au gouvernement et à la population du Canada par l'Association canadienne de construction de navires, signale, au premier chapitre, page 13, que:

"En France, le transport des marchandises entre les ports de la France Continentale et entre la France et l'Algérie n'est permis qu'aux navires français. Ce régime de protection, d'une grande valeur pour le transport maritime français, fut sanctionné par des lois remontant à 1793.

Seuls les navires japonais peuvent entrer dans les ports japonais, autres que des ports francs, ou encore transporter des marchandises ou des passagers d'un port japonais à l'autre, à moins de lois ou de décrets contraires.

Les Etats-Unis nous donnent l'exemple le plus frappant de protection du petit cabotage national. Grâce à une politique nationale constante, établie dès 1789, les Etats-Unis ont limité le transport du fret et des passagers entre leurs ports, possessions et territoires, aux seuls navires construits et inscrits dans leur pays. Aucun navire commercial construit ou inscrit à l'étranger ne peut faire le petit cabotage aux Etats-Unis.

Comme conséquence directe de cette mesure de protection, le commerce caboteur a prospéré et s'est solidement maintenu au cours des années.

Les Etats-Unis reconnaissent depuis très longtemps que l'autorité en matière de cabotage est une prérogative rigoureusement nationale, et ils ont pris des mesures vigoureuses et efficaces pour que soit maintenu le caractère de cette autorité. Si, dans cette question importante du transport intérieur, les Etats-Unis ont jugé nécessaire de prendre de telles mesures, à plus forte raison le Canada se doit-il de protéger son cabotage, qui constitue un aspect extrêmement important de son réseau intérieur de transport; car, notre population étant clairsemée et nos côtes relativement plus étendues qu'aux Etats-Unis, le transport intérieur est d'autant plus important dans notre économie.

De plus, les Etats-Unis et le Canada ont, avec raison, inscrit à leurs budgets et dépensé annuellement des milliards depuis des années, non seulement pour leur propre défense nationale, mais aussi pour aider d'autres nations libres à se prémunir contre le danger d'agression. Si nous tenons compte de ce facteur de défense nationale, il est inimaginable que nous, du Canada, ne prenions pas nos dispositions pour protéger notre droit de réserver à nos navires, à nos équipages canadiens, ce cabotage qui est encore plus nécessaire en temps de danger national qu'en temps normal.

Il est universellement accepté que les ressources naturelles d'un pays constituent un héritage national qui doit servir aux intérêts de ses citoyens. Les Grands Lacs et le Saint-Laurent constituent une ressource naturelle incomparable dont, naturellement, nous partageons les avantages avec les Etats-Unis. Nous partageons avec les Américains un fort volume d'énergie hydro-électrique. Mais le droit d'exploiter le potentiel de transport intérieur - que les Etats-Unis ont jugé bon de se réserver - constitue

sûrement un actif important, puisqu'il assure le moyen de transport le moins coûteux jusqu'au cœur du continent nord-américain. Puisque cette voie de navigation St-Laurent-Grands Lacs permet le transport à prix modique des marchandises, son utilisation entre les ports canadiens est pour le Canada un droit prioritaire, un héritage de la Providence qui devrait servir d'abord les intérêts des Canadiens.

Loin de le méconnaître, nous reconnaissons le droit qu'ont les nations étrangères de transporter au Canada dans leurs propres navires leurs marchandises et leurs produits, et de prendre ici dans leurs propres navires les marchandises destinées à leur pays. Il n'est nullement question de demander que ce droit soit restreint. Mais le cabotage au Canada par des navires de construction canadienne est un droit qui fait partie du patrimoine national des Canadiens. Ce droit a été jalousement protégé dans le cas du transport ferroviaire, routier et aérien. Nous n'accepterions pas que le transport ferroviaire, routier ou aérien, à l'intérieur même du Canada, puisse dépendre d'intérêts étrangers. Il est tout aussi nécessaire de restreindre notre transport intérieur par eau à des navires construits et inscrits au Canada, montés par des équipages canadiens et ravitaillés par des Canadiens, que de garder le transport ferroviaire, routier et aérien de l'intérieur entre les mains de compagnies et de main-d'œuvre canadienne.

Pour les Canadiens, il serait inacceptable que nulle loi protégeant le cabotage canadien ne soit adoptée, et que les marins du Canada soient condamnés au chômage alors que les marins de navires battant pavillon étranger seraient occupés à un cabotage qui, de plein droit, appartient d'abord et surtout aux Canadiens.

Les Commissaires entendront sans doute des objections contre une législation propre à sauvegarder ce droit nettement canadien, mais nous doutons que d'autres que des Canadiens reconnaissent et respectent ce droit. À ce sujet, nous nous permettons de rappeler que la France, le Japon, l'Australie, les Etats-Unis et d'autres pays reconnaissent depuis longtemps que le cabotage, chez eux, appartient de plein droit à leurs nationaux, et que ces pays ont adopté des mesures décisives pour la sauvegarde de cet actif national.

IV CONCLUSION

Nous formulons donc respectueusement l'opinion qu'il est non seulement désirable, mais qu'il est essentiel au bien-être et au progrès de notre pays, que des mesures législatives restreignent le cabotage canadien à des navires construits et inscrits au Canada. Nous recommandons l'énoncé d'un principe national qui réserverait aux navires construits et inscrits au Canada le transport des marchandises entre deux ports canadiens. Ce principe serait d'un avantage incalculable pour le Canada, en ce qu'il sauvegarderait un droit qui appartient en propre aux Canadiens.

BRIEF OF DAVIE SHIPBUILDING LIMITED,
LAUZON, P.Q.

WITH RESPECT TO THE COASTAL SHIPPING TRADE IN CANADA

SUBMISSION

Davie Shipbuilding Limited submit that in the interests of preserving and developing the existing ship operating and shipbuilding industries of Canada as part of Canada's expanding economy and to eliminate a grave potential danger in the event of hostilities, immediate steps be taken to reserve the Coastal Trade of Canada to ships registered and built in Canada and operated by Canadian crews.

PREAMBLE

As one of the leading shipyards in Canada and also as a subsidiary of one of Canada's major ship operating companies, Davie Shipbuilding is in a particularly advantageous position to appreciate the conditions under which the Canadian shipowner and the shipbuilder operate and the urgent need for betterment if both these industries are to survive and serve Canada in times of peace and war.

The statistics and figures presented in this brief have been prepared from the records of Davie Shipbuilding Limited.

Davie Shipbuilding has, on the average of the past, employed about one tenth of the total number directly engaged in shipbuilding, accordingly the figures applicable to the whole shipbuilding industry in Canada are approximately about 10 times that shown in tabulations or graphs in this brief.

THE CANADIAN SHIPBUILDING INDUSTRY

SIGNIFICANCE

In the smaller and more densely populated countries of Europe where shipbuilding is carried on, the entire population is constantly reminded of the importance of shipbuilding due to its proximity. In Canada with its vast extent however, it is difficult for those remote from shipbuilding centres to appreciate the extent to which this one industry affects all.

Since the war approximately 14,500 men have been directly employed in the shipyards of Canada. (Canadian Maritime Commission Report 1954).

Geographical as well as commercial, considerations generally have played a large part in the locations chosen for shipbuilding and, in some cases, of which Lauzon is one, shipbuilding is the main if not the only industry in the immediate vicinity.

SPREAD OF INDUSTRY

Although ships are built in one particular location, a considerable amount of the ship is actually produced in regions far remote from the shipyard.

Gone are the days when the timber for the ship was felled close to the place of building and all labour necessary to build and outfit the ship took place in the shipyard.

The modern ship is such that generally no material is procurable in the vicinity of the shipyard and the shipbuilder requires to call upon a great number of industries throughout the country to manufacture and supply materials, machinery and equipment.

As an example, the materials and equipment for a cargo vessel of about 12,000 tons deadweight would be obtained from approximately 175 different firms.

DIAGRAM 1

Diagram No. 1 shows that over half the cost of the average ship is that for materials, machinery and equipment, these are procured from many widely scattered sources which rapidly spread these purchases still further in obtaining material and through payment of wages. The diagram also indicates approximately the proportion of the cost of the ship which is spent on direct labour in the shipyard in building the ship. The payroll naturally supports commercial activity in the surrounding district.

The diagram further shows approximately the proportion of the cost which is disbursed in maintaining the shipbuilding plant in operating condition, the purchase of the necessary electrical power, the payment of local rates and of taxes, part of this is also for labour, for maintenance clerical staffs, etc.

All of the above are disbursements spread over a period of time averaging eighteen months to two years and eventually go to support of the community wherever ships are built or materials and equipment produced.

DIAGRAM 2

This diagram gives some idea of the great diversity of types of the major equipment and materials which enter into the construction of a ship; it also indicates the relative value of each class of materials or equipment in the average cargo vessel.

Apart from the skills and purely shipbuilding techniques necessary to design and engineer a ship and the actual construction of the hull and the fitting on board of a multitude of equipment, actually the bulk of the work is done outside the shipyard which can be rightly termed an assembly plant.

The extent of the dispersion of the shipbuilding effort on Canada as a whole is not generally realized.

DIAGRAM 3

Diagram No. 3 has been prepared to indicate that not only are the shipyards strategically well situated, but also that the sources from which material and equipment are obtained are well separated and distributed across the country wherever industry is carried on.

Not only does the manufacturer well removed from the shipyard benefit from shipbuilding activity, but also those providing such services as electrical power, gas, etc. in his locality. In addition the intervening transportation systems benefit from the carriage of raw materials to the manufacturer and in delivering his finished product to the shipyards.

SHIPBUILDING NOT SEASONAL EMPLOYMENT

With modern techniques and the replacement of "Cut and Fit" operations formerly practiced on the open berths, by prefabrication of steel in large units in shop the former dip in employment which occurred in shipbuilding in winter has been virtually eliminated.

DIAGRAM 4

Diagram No. 4 indicates the numbers employed and the fluctuations which have occurred throughout the past five years in the Davie Shipbuilding yard and indicates that although employment fluctuates dependent upon the state of contracts on hand, it is not seriously affected by winter conditions.

The equipment and components being manufactured elsewhere in Canada concurrently with the construction of the hull in the shipyard also constitute steady employment unaffected by the seasons.

In Canada a serious employment problem is the fluctuation of the labour demand on account of the great extremes of our climate. In many industries, such as farming and logging, great demands for labour exist for only a portion of the year and employees in these industries are obliged to seek other temporary employment, subsist on their savings, or seek public assistance for the balance of the time.

As previously mentioned, several shipbuilding communities have no alternative employment to offer workmen in their district, and if by the restricting of Coastal Trade to ships of Canadian registry and build, we can ensure that a reasonable level of employment is available to the shipyards, we are assured this is not seasonal and that it will probably provide a source of additional employment assisting such communities to more readily absorb seasonal labour.

SHIPBUILDING FOR DEFENCE

At the commencement of the last war vessels of moderate speed and essentially unchanged in type and construction during the previous decade were sufficient for the transport of materials and necessities.

With modern submarines and methods of warfare, these slow vessels would probably be inadequate; faster ships would be required and possibly also great changes in design necessary if atomic warfare broke out.

Naval vessels have already undergone radical change. We are rapidly passing from the manual control era to one of automatic remote control and electronics.

It is essential to have shipbuilding technicians maintain and develop their skills in these fields and be ready for immediate action the day a national emergency arises.

It is also necessary to have the shipbuilding yards in operating condition ready equipped with up-to-date machinery tools and methods in order that they can swing into gear immediately.

DIAGRAM 5

Diagram No. 5 shows the level of employment in Davie Shipbuilding during the war.

This diagram shows that considerable time elapsed before shipbuilding got in stride after the war started.

The fact that on the last occasion we were able to get our shipbuilding into operation in time is no criterion for the future.

The result of hesitancy and fumbling by our late adversaries in carrying home the attack once started and the nearness of the early defeat of Britain has been made amply clear, and it is certain any future enemy will make sure he has the necessary equipment to start properly and will press home the attack without let-up.

We must enter any future conflict equipped to do battle, not fight off the enemy with one hand and start to equip ourselves with the other.

For the last war it cost Canada a great amount to procure the machinery and tools before we could start producing arms for defence, we started from scratch.

By restricting our Coastal Trade to Canadian registered and built ships, not only would the shipbuilding industry be kept in a reasonable state of activity, but equipment and tools necessary for shipyards to carry on their daily business would be provided by private interests at no cost to the government, and staffs of skilled trained workmen would be ready and available for any emergency.

DAVIE SHIPBUILDING LTD

THE SHIPYARD

Davie Shipbuilding Ltd. carry out their business of shipbuilding and ship repairing at Lauzon on the St. Lawrence River opposite Quebec City.

The shipyard extends over some 45 acres enclosing building berths and workshops.

The building berths of which there are 5 are capable of building vessels of all classes up to 750 feet in length. Ample water is available for launching even the largest vessels from the building berths.

The yard is situated between the Lorne Dock, 600 feet long and the Champlain Dock, 1,150 feet long, the latter being one of the largest docks in the world.

Yard facilities include steel fabricating shops of approximately 100,000 square feet in area and capable of producing 2,000 tons of fabricated steel per month.

These shops are equipped with plate and angle furnaces, 500-ton hydraulic presses, 30-foot plate rolls, manual and automatic burning and welding equipment, shearing, punching, bending equipment, X-ray apparatus, etc.

The Machine Shop, some 200 feet by 85 feet is equipped with both heavy and light machines of all types including 35' lathes, 20 foot planers, horizontal boring mills, slotters, turret lathes, precision grinding machines, radial drills, power band and friction saws, etc.

The Pipe Shop, 140 feet by 60 feet is outfitted with pipe filling and compacting equipment, pipe cutting and threading machines, bending slabs and winches, welding and brazing equipment for steel, copper and aluminum piping.

Separate heated buildings and departments are maintained for joiners, carpenters, electricians, painters, patternmakers, brass foundries, riggers, template makers and loftsmen, enginefitters, sheet-metal workers, blacksmiths, and for storage of steel, machinery, marine equipment and materials.

The yard is laid out and served by an extensive system of paved roads and rail lines and is equipped with bridge, gantry, locomotive and mobile cranes, diesel locomotives, diesel trailers and snow removal equipment, etc.

Personnel, Safety and First-Aid departments are maintained.

A large design and drafting staff is located in modern well lit drawing offices.

WARTIME RECORD

During the 5-year period, 1940 to 1945, Davie in common with other Canadian shipyards devoted its entire energies to the production of ships, both mercantile and naval for wartime purposes. During this period the following vessels were built:

Corvettes	10
Minesweepers	6
10,000-ton Cargo Vessels	19
Frigates	12
Landing Craft *	11
TOTAL:	58

* Some LST's incomplete at cessation of hostilities were later broken up.

TABLE 1.

DAVIE SHIPBUILDING LIMITED

WARTIME RECORD

5-YEAR PERIOD

1940 - 1945

Total number of vessels built	58
Tons of steel used approx.	102,000 tons
Length of pipe used . . . approx.	3,200,000 feet (600 miles)
Length of electrical cable used	4,200,000 feet (800 miles)
Average number of men employed	2,700
Maximum number of men employed during period . . .	4,100

.....

Table 1

Table No. 1 indicates the volume of this war effort in terms of manpower requirements and consumption of some basic shipbuilding commodities.

It should be noted that of the vessels constructed by Davie Shipbuilding during this period all were of considerable complexity with the exception of the 10,000-ton vessels.

PEACETIME RECORD

At the end of the war shipbuilding switches from largely Naval to mainly Mercantile construction to replace losses suffered during the war. The danger of war still remains very grave, and Canada as a member of NATO and also for her own protection has prudently endeavoured to keep her Naval arm properly equipped to meet the threat of warfare by means of technical advances, both offensive and defensive not in even existence at the close of the war. Some Naval building has therefore been maintained.

NAVAL CONSTRUCTION WORK

Since the war Davie Shipbuilding has for the Royal Canadian Navy built:

	3 new type Minesweepers
converted	1 Wartime Minesweeper
converted	2 Wartime Frigates

and is presently engaged in

building	1 new type Minesweeper
building	1 Escort Vessel
converting	1 Wartime Frigate

TABLE 11DAVIE SHIPBUILDING LIMITEDPOST WAR NAVAL WORK9 YEAR POST WAR PERIOD1945 - 1954

Total number of Naval vessels built or reconditioned .. 6 *

Tons of steel used appr. 1,400 tons

Tons of aluminum used appr. 450 tons

Length of pipe used appr. 26,000 feet
(5 miles)

Length of electrical
cable used appr. 132,000 feet
(25 miles)

Board feet of timber used . . . appr. 160,500

Average number of men employed each year . . . 500

Maximum number of men employed 800

Total dollar value of material
purchased . . . , \$10,500,000.00 **

Note: * 3 Minewsweepers
2 Frigate Conversions
1 Minesweeper Conversion
6

** excluding material and equipment
furnished by the Royal Canadian
Navy.

TABLE 111POST WAR MERCANTILE BUILDING9 YEAR PERIOD1945 - 1954

Total number of ships built 21

Total amount of steel used appr. 66,000 tons

Total amount of aluminum,
plates & shapes used appr. 150 tons

Total dollar value of machinery
& equipment \$17,500,000.00

Total dollar value of electrical
cable, etc. 600,000.00

Total dollar value of pipe and
pipefittings 1,750,000.00

Average number of men employed
each year 1,400

Maximum number of men employed . . 2,000

Total dollar value of material purchased \$27,750,000.00

TABLE 11

- 9 -

Table No. 11 indicates in the same manner as Table 1 the value of this peacetime naval work during the past 9 years.

MERCANTILE CONSTRUCTION

Since 1945 due to the loss of world tonnage and of shipbuilding facilities on Continental Europe, and due to the large amount of business on hand in Britain and foreign yards preventing their being able to give the necessary delivery, Canadian yards were able to obtain contracts for the construction of vessels, in some cases by special arrangements between Canadian and foreign governments.

During this 9-year period Davie Shipbuilding Ltd. constructed the following:

For Canadian Owners	7,500 DWT Ton Motor Ship	1
" France	4,400 DWT Ton Colliers	6
" "	7,200 DWT Ton Motor	
" "	Vessels	4
" "	5,500 DWT Ton Motor	
" Dpt. of Transport	Vessels	3
" " " "	Eastern Artic Ice	
" " " "	Patrol Ship	1
" Sun Steamships	Icebreaker "d'Iberville"	1
" City of Trois-	12,400 DWT Ton Ore Carrier	1
" Rivières	Passenger & Auto Ferry	1
" Andros Shipping	28,000 DWT Ton Oil Tankers	2
" Davie Shipbuilding	Diesel Tug	1
TOTAL:		21

Presently under construction (delivery July)
for C.N.R. Passenger & Auto Ferry 1

TABLE 111

Table No. 111 indicates the value of quantities of Labour and material, etc. which has been involved in this mercantile construction over the 9-year period since the war.

CANADIAN COASTAL TRADEGENERAL COMMENTS

The comments which follow on the Canadian Coastal Trade are set down in full knowledge that, as shipbuilders, we do not have access to all information on the subject, but in the belief that the survival of our own particular industry is dependant upon the steps which may be taken to preserve both.

The North Amercian Continent is unique in having large bodies of navigable waters located centrally and bordered by only two nations. The only other comparable waters are the Mediterranean and the Baltic, and each is bordered by several nations, such that no particular one can claim these as territorial waters.

All or practically all of the nations bordering the Baltic and Mediterranean have coastal trading restrictions favouring the development of their own economy.

Of the two nations bordering the Great Lakes in North America only one, Canada, has no regulations restricting the coastal trade or the building of ships for this trade to its own people.

Now that Canada is committed to the spending of large sums for the development and opening up of these inland waters, it is appropriate that consideration be given to the effect upon Canadian enterprise which has hitherto developed the country in times of peace and provided the means of defence in time of war.

Part of the money which has been obtained for the developments now planned has become available through the operations of the enterprise and industries most likely to be affected by the seaway; shipping and ship-building.

If through increased activity resulting from the Seaway development and enactment of suitable regulations, these two enterprises can achieve a healthy state and expand, they will be able to maintain and increase their share in the burden of the development of the Seaway.

COASTAL TRADE IN TIME OF WAR

The benefits to Canada in retaining all Coastal Trading for Canadian registered and Canadian built ships are great in time of peace. In time of war the need for Canada to have and control these two industries is a national necessity.

Were we to permit our Canadian owned and operated Lake Fleets to disappear and rely on foreign shipping for service on all Coastal and Lake Trade, we would without doubt invite disaster in time of national emergency.

Canadian ship operators maintain a fleet of Merchant ships almost exclusively for Canadian Coastal and Great Lakes Trade, these operate primarily during the summer season.

Foreign ship owners withdraw their fleets from our shores in the winter and operate their vessels elsewhere.

In the event of sudden hostilities, and it is certain any future hostilities will be sudden, these fleets could be caught far from our shores in winter and either immobilized in countries over-run, picked off on their winter runs or on the way back to Canada or even, if in Canada, be the cause of considerable confusion if their being immobilized formed part of any bargaining for terms being made by their country of Registry.

Any one or a combination of several of these possibilities would go far to immobilizing Canada's central industries.

SPECIAL CANADIAN CONDITIONS

The majority of the world's shipping operates in the temperate to tropical zones, but Canadian ships are frequently called upon to operate in severe winter conditions, and in time of emergency, demands for operation in severe conditions would be more frequent and urgent.

Our defence lines now extend to the Arctic.

The maintenance of Canadians in the Coastal service is the only adequate means available to provide Canadian seamen and officers experienced in navigation and operation in Canadian conditions for our Merchant and Navy services in time of war.

Canadian crews manning our coastal trading fleets will ensure that we have under our own constant control the possibility of maintaining any necessary precautions and controls to ensure that the locks and lanes of the seaway systems are not sabotaged at the start of any conflict.

DANGER IN LOSS OF YARDS

If British and foreign shipping carried all coastal and Lakes trade and, if, as a result Canada's shipyards virtually disappeared through lack of contracts, we would certainly be in no position to make good any loss of all or part if such foreign cargo fleets were withdrawn or lost, and the likelihood of obtaining foreign replacements might be very remote.

THE COASTAL TRADE AND SHIPBUILDING

At the present time the Canadian shipyards and Government owned dry docks receive the very minimum benefit from the foreign and U.K. registered vessels operating in Canadian waters.

The only work done in Canada is repairs which are urgent; anything that can be postponed and done in the country of registry is put off until the ship has an opportunity of going to that country. The reason is not difficult to find; it is not a matter of inability to do repairs, but one of cost.

Canadian repair yards are probably much more competitive among themselves than are yards of some foreign countries, but this cannot offset the great difference in wages paid. British shipyard workers receive about 60 cents per hour, continental European workers considerably less and Japanese workers about 29 cents.

BENEFITS OF RESTRICTION

With restriction of Coastal Trade to Canadian Registered ships, not only would ship operators benefit

but the repair business which would then come to Canadian yards, still however under competitive conditions, would maintain a higher level of activity which would in turn result in reduced costs to the benefit of present operators of Canadian registered ships who use Canadian ship repair facilities, the Government's own Department of Transport ship operators, the Royal Canadian Navy, and this would also provide increased revenue for the Government owned dry docks.

Restriction of Coastal Trade to Canadian registered and Canadian built ships would provide a definite policy for the Canadian ship operator and enable him to plan for his requirements with a degree of certainty. This in turn would result in a continuing demand for construction in Canadian shipyards which would be reflected in every industry associated with both shipping and shipbuilding; increasing general industry and employment.

PREPAREDNESS FOR EMERGENCY

Apart altogether from the benefits derived in times of peace from a healthy Canadian shipping and shipbuilding industry, their role in times of national emergency is vital to the country's security and defence.

Since the cessation of hostilities in 1945, study and development in every country has radically altered the methods and means by which any future war would be conducted.

Any future conflict would start not where we left off in the last one, but with weapons, techniques and tempo greatly advanced. We cannot use the conditions at the start of the last war as a pattern for the next if it comes.

RESTRICTIONS, EFFECT ON U.K. AND FOREIGN COUNTRIES

At the present time Canada's shipbuilding industry is languishing for lack of commercial contracts while the shipyards of Britain and many foreign countries are booked ahead for some years.

Canadian ship operators, not having the assurance that they can look forward to continuing business without restriction of Coastal Trade, cannot place orders for new vessels.

With the enactment of coastal restrictions limiting this trade to Canadian registered and built ships, the ship operators would certainly be able to plan for the future and new ships would be built, and now is the most appropriate time for this to be done. The Canadian yards need the work whereas the U.K. yards are favourably employed. The amount of new contracts necessary to give Canadian yards a good volume of business would make little impression on U.K. shipbuilding as a whole.

OVERALL BENEFIT

Despite the situation noted above, certain individual interests will without doubt endeavour to submit pleas that there should be no requirement that ships must be registered and built in Canada, on the basis of loss to Britain or foreign countries.

Building ships in Canada is not necessarily a loss to U.K. Actually, although the hull and much of the equipment is procured in Canada, about 20% of the equipment per average merchant ship is obtained in U.K. as they specialize in marine equipment not made in Canada.

It is submitted that restricting the registering and building of ships to Canada may well result in a considerable increase in business for U.K. in the supply of such specialized marine equipment. Also U.K. has no assurance that should there be no change to our coastal regulations there would be great benefit resulting in shipbuilding owing to the competition now offered her by continental yards.

In the last war despite the fact that U.K. was the greatest shipbuilding nation in the world, Canada had to loan her ships early in the war. Now a member of NATO, Canada has since the war contributed ships to this organization.

It is in the interests of U.K. and our potential Allies as a whole, although not necessarily of individuals or groups in U.K. or these other countries, to maintain Canada's shipbuilding industry in a healthy state of activity for the future protection of all. In this light, any legislation Canada may enact to protect her domestic shipping and shipbuilding cannot in the broad view be considered anything but beneficial to both her and her friends.

ROYAL COMMISSION ON COASTING TRADE

Terms of reference from Order-in-Council P.C. 1955-308 of the 1st March 1955

To inquire into and report upon all questions within the jurisdiction of Parliament, including questions with respect to Part XIII of the Canada Shipping Act, Coasting Trade of Canada, arising out of the transportation by water, or by land and water, of goods and passengers from one place in Canada to another place in Canada, including the Great Lakes, and upon relevant matters which may in the course of the Inquiry arise or develop and which, in the opinion of the Commissioners, should be included within the scope of the Inquiry and Report and, without restricting the generality of the foregoing, the Commissioners shall inquire into and report upon the following matters:

- (a) the relationship of the coasting trade of Canada, including the Great Lakes, to Canadian shipping and ship building, and the effect on such shipping and ship building of the participation in the coasting trade of Canada, including the Great Lakes, of ships or other marine craft registered or built outside of Canada;
- (b) the probable effects of the development of the St. Lawrence Seaway upon the coasting trade of Canada, including the Great Lakes;
- (c) the relationship of the coasting trade of Canada, including the Great Lakes, to the domestic and international trade of Canada and to Canada's external relations; and the effect of the participation in the coasting trade of Canada, including the Great Lakes, by ships or other marine craft registered or built outside of Canada upon the domestic and international trade of Canada, and Canada's external relations; and
- (d) the necessity, if any, of establishing different policies and prescribing special conditions with respect to the coasting trade of Canada, including the Great Lakes, applicable to particular parts of Canada.

CANADA STEAMSHIP LINES LIMITED

P.O. Box 100
Montreal, June 30, 1955

The Honourable Mr. Justice Spence,
Chairman, Royal Commission on Coasting Trade,
Ottawa,

Sir,

Herein Brief of the Canada Steamship Lines Limited. We request the right to put in supplementary material and to call witnesses at some session of the Commission to be held in this Province.

In behalf of the said Company.

T.R. McLagan, President

B. 80

Section 1

THE CANADA STEAMSHIP LINES LTD. AND ITS REQUEST:

The Canada Steamship Lines is a publicly owned company whose head office is in Montreal. The shareholders and employees alike are overwhelmingly Canadian citizens.

The shareholders and employees of the C.S.L. have a vital interest in the future of the Coasting Trade of Canada, particularly in the Great Lakes and Inland waters.

The company's request is -

- A. The restriction of the Coasting Trade of Canada, particularly within the Great Lakes, to ships of Canadian Register.
- B. Restriction of New Additions to Canada's Coasting Fleet, after January 1st, 1957, to Ships built in Canada.
- C. Study of the effect on the U.S. - Canadian domestic water-borne trade of U.K. and Foreign manned ships trading back and forth between U.S. and Canadian Great Lakes Ports.

The company does not wish the Commission to recommend any interference with the normal water carriage of goods directly between Canada and ports overseas. For example, both U.K. and foreign ships should remain free to carry grain and other commodities from the Lakehead direct to British and Foreign ports.

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Section 2

IMPORTANCE OF THE ST. LAWRENCE / GREAT LAKES TRANSPORTATION SYSTEM TO THE DEVELOPMENT OF CANADA IN PARTICULAR AND NORTH AMERICA AS A WHOLE

The St. Lawrence River and its basis - the Great Lakes of North America - afford a course of water communication from the sea to the middle of the North Continent. The Waterway has a length of some 1635 nautical miles. These water communications comprise one of Canada's greatest transportation assets and the Canadian Government has been very wise and active throughout the years to realize upon this asset by the building of Canals and the maintenance of inter-communicating channels.

The necessity of transporting cheaply our agricultural surplus, together with the discovery of iron ore, first on the shores of Lake Superior and later the much greater discovery of the Mesabi Range, forced the Governments of the day to link up the chain of lakes to provide a means of cheap transport for these bulk products. All that was necessary was to find a way around the various rapids, which was done by the building of the first Welland Canal in 1824-29, which enabled ships to negotiate Niagara escarpment. The next step was the building of the locks at Sault Ste. Marie 1887-1895 and the various steps of the St. Lawrence System 1884-1914.

As the demand for these bulk products increased, bigger and bigger ships were required which forced the construction of the new Welland Canal, which was completed in 1931, and the building of the last great United States lock at Sault Ste. Marie in 1943. This lock is known as the McArthur Lock, which is 800 ft. long, 80 ft. wide and 31 ft. deep. It is fortunate that the largest Canadian Upper Lakers are permitted to use the American locks at Sault Ste. Marie, as the Canadian locks are not large enough.

The result of these constructions enables large vessels up to 715 feet in length, 75 feet in width, carrying in excess of 22,500 long tons to travel all the way to the steel mills on Lake Erie and Lake Ontario and as far east as the grain ports of Kingston and Prescott. At these latter ports grain must now be transhipped to small vessels of about 2500 tons deadweight and brought to Montreal. It is this last 115 miles which is now to be built enabling the big ships to travel to Montreal. This project has been called the Seaway. It is but the completion of the great waterway which was begun by building the Welland and Sault Ste. Marie systems. When completed, transportation costs to Montreal from the Great Lakes will be substantially reduced and it will then be possible to transport greater tonnages of iron ore from the Gulf of St. Lawrence to Lake Ontario and Lake Erie ports than are now possible.

It will, also, enable large ocean ships to pass Montreal into the Great Lakes and will permit large British ships to trade in volume between one Canadian port and another, and large foreign ships to shuttle back and forth between Canada and the United States to the detriment of our Canadian vessels.

We refer again to the building of the systems on the Upper Lakes for the transport of bulk products. We draw your attention to the great part that the development of this waterway has played in the development of Canada and the United States and its continuing importance, as will be grasped from the following interesting facts.

Along the shores of the lakes and rivers are located two Canadian Provinces and eight States of the U.S.A. which comprise the greatest industrial area in the world, with probably the greatest steel making capacity in existence. This area contains a population of about 68 million people or 40% of the combined population of both countries.

The North American Central Continental Basis, of which the Great Lakes is the heart, contains five Canadian provinces and twenty states of the U.S.A. It includes 92 million people and is the industrial keystone of the entire Continent.

The industrial capacity and importance of this vast area is indicated by the following percentages of the total production of both nations:

Iron & Steel	-	84%
Tanks & Munitions	-	80%
Cereal Grains	-	80%
General Manufacturing	-	63%
Chemicals	-	25%
Mineral Oil Refining	-	25%

It is important to note that this tremendous concentration of industry and output is not only served by but has largely been created by water transportation potential of the Great Lakes. The volume of traffic is enormous and is close to 200 million net tons annually and all transported by water in a shipping season of between seven and eight months each year. Of this tonnage about 40 million tons is carried by ships of Canadian registry and the remaining 160 million tons by ships of the U.S.A.

Some indication of the growth of the inter-domestic trade between the U.S.A. and Canada is given in the following figures, representing net tons of goods carried between the two countries:

1949	-	17,000,000
1951	-	20,000,000
1952	-	27,000,000
1953	-	29,000,000

Again, the amount of tonnage passing through the Sault Ste. Marie system staggers the imagination., We thought it would complete our description of the importance of the Waterway if we laid before you the actual tonnages passing through this system destined for overseas or for Canadian and American industry.

Net Tons of Cargo Transported through
Soo Canals (Can. & U.S.)

(Source: Canal Statistics - D.B.S.)

<u>Year</u>	<u>Tonnage</u>	<u>Passages</u>
1953	128,489,170	25,604
1952	107,362,494	23,106
1951	120,082,328	24,379
1950	106,195,738	21,004
1945	113,227,316	22,492
1940	89,857,672	20,837
1935	48,292,973	12,959
1930	72,897,895	16,820

The magnitude of the trade can be further grasped when it is realized that the tonnage passing through Sault Ste. Marie in an eight month season is greater than that passing through the Panama and Suez Canals combined in a twelve month season period.

The tonnage carried through the Welland Canal in 1953 was 19,542,150, and a complete record will be found attached as Exhibit No 4.

The tonnage passing through the lower St. Lawrence Canal system in 1953 was 10,081,992, and Exhibit No 5 is appended giving a record for some years back.

The important point to grasp is that with the completion of the Waterway by the building of the Seaway (so-called) these tonnages will increase greatly and a considerable quantity of iron ore will flow from Canada to the U.S.A.

ORIGIN, ACTIVITIES & ASSETS OF THE
CANADA STEAMSHIP LINES LTD.

The company has been engaged for many years in the Canadian Coasting Trade. Its beginning goes back to 1845 with the formation of "La Compagnie Navigation Richelieu". This company was formed by some farmers of Quebec to carry farm produce to Montreal. From this first company continuous amalgamations and mergers took place until 1913, when the name of Canada Steamship Lines Limited was adopted.

As one of its major activities, the C.S.L. carries on an inland water transportation business and has vessels which can operate from the Eastern Seaboard, through the St. Lawrence River and Great Lakes to Fort William, Ontario, and Duluth, Minnesota.

The company maintains the largest Canadian inland fleet and operates sixty vessels, fifty-seven of which are freighters. When fully loaded they can carry nearly four hundred thousand tons at one time. In terms of freight carried by ship ton mile, during the short season of navigation (230 days in the St. Lawrence River and Lower Lakes, 260 days in the Upper Lakes), this fleet's normal achievement is about six thousand million ton miles. There are also three passenger ships. The total investment in ships of the C.S.L., together with land, docks, machinery and working capital is about sixty-three million dollars.

The total number of people employed by the C.S.L. during the navigation season in connection with inland transportation is more than four thousand and wages paid exceed eight-and-a-half million dollars per annum. It must be remembered that personnel engaged on ships and docks have a limited operating season due to the inactivity of the winter months.

In addition to salaries and wages the company annually purchases food from Canadian suppliers, for the purpose of feeding crews, to the value of seven hundred and fifty thousand dollars.

Also, the company spends in Canada two to three million dollars per year for the repairing and maintenance of its fleet.

Crews of the C.S.L. ships receive wages comparable to those paid in the industries of Quebec and Ontario. The water transportation business is a domestic one and wages are commensurate with those paid on land and have been brought about by the force of collective bargaining. The unlicensed personnel work a basic forty hours per week and receive overtime for work done on Saturdays and Sundays.

In addition, the men receive free board and lodging. The living quarters are good and on the newer ships the accommodations are the equal of anything in the world. The food is as good as we can make it. In this respect we invite members of the Commission to visit the ships and acquaint themselves with the cargoes carried, the way they are handled and the general welfare of the crews.

The C.S.L. is particularly proud of the competence of the officers and crews of its fleet and of the fact that their earnings are among the highest in Canada.

To revert to the question of wages, although they compare favourable with Canadian industry, they are very much higher indeed that those paid on British and European Ships.

We append as Exhibit No 2 the present scale of wages agreed upon between the company and the Seamen's International Union, together with an estimate of the monthly earnings, exclusive, of course, of the cost of board and lodging. It will be observed, for example, that a deckhand receives \$190.00 per month, and with overtime, above \$230.00 per month.

We also attach as Exhibit No 3 the wage scale of British and other European nations as furnished to us by the S.I.U. This Exhibit shows very clearly how much lower are British and other European wages than our own Canadian scale.

Appended as Exhibit No 1 is a list of the C.S.L. ships giving the names and deadweight of each and divided into the respective fleet types. Attention is called to the size of the ships of the Upper Lakes type, which vessels are generally much larger in carrying capacity than are ocean-going freighters, particularly those frequenting the port of Montreal.

The present-day replacement cost in Canada of the company's vessels is about two hundred and fifty dollars per deadweight ton, and so, therefore, the replacement value of the fleet alone is about ninety-five million dollars.

The principal trades served by the various sections of the fleet are as follows:

Upper Lake Bulk Cargo Fleet - Iron ore from Lake Superior and Lake Michigan ports to the Canadian steel mills at Sault Ste. Marie, Port Colborne and Hamilton, Ontario.

Metallurgical coal from Lake Erie ports to the Canadian steel mills on Lake Superior and Lake Ontario.

Grain from Fort William and Port Arthur to the Georgian Bay area and as far east as the transfer points of Kingston and Prescott.

Self-Unloader Colliers - Steam coal from Lake Erie and Lake Ontario ports to industries in Ontario and Quebec.

Lower Lake Bulk Cargo Fleet - These small canal-size ships of 2350-3000 tons deadweight are principally engaged in carrying bulk grain from the transfer points at Walkerville, Port Colborne, Kingston and Prescott to Montreal. Westbound are carried miscellaneous bulk cargoes, including ore, sulphide rock, sulphur, etc. It is these small vessels which, presumably, in time will disappear when the Seaway is completed, as larger and more economical vessels will take their place.

Package Freighters - These ships, which are specially built to load and discharge general packaged freight quickly and efficiently, carry goods eastbound and westbound. Some of the westbound freight is trans-shipped at the Head of the Lakes for furtherance to Western Canada by rail. From Exhibit No 1 it will be seen that the Upper Lakes Package Freighters are large vessels and they use Toronto as their eastern terminus.

Passenger Ships - Tourists are carried down the scenic route of the St. Lawrence River as far as the Saguenay River.

Tonnages carried have increased steadily over the years, requiring new, larger and more economical ships to be built. For instance, C.S.L. since 1948 has built six large ships at a cost of twenty-one million dollars. These ships vary from 18,500 - 25,000 dead-weight tons. They were designed and built in Canada and contain every modern feature which it is thought they require. At the present time two further ships are being built at Collingwood, Ontario; one is an Upper Lake Package Freighter and the other is a Lower Lake Bulk Freighter. These vessels will cost in excess of four million dollars. Thus the total investment in new ships since 1948 is therefore about twenty-five million dollars.

The company owns and operates a grain elevator at Midland, Ontario, with a capacity of 3 million bushels, and another at Kingston, Ontario, with a capacity of 2.4 million bushels. These may be termed transfer point elevators.

From the foregoing figures of investment and wage payments it will be seen that the shareholders and employees of the C.S.L. have a very real interest in this inquiry into the Coasting Laws of Canada.

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Section 4

OTHER COMPANIES OPERATING ON THE ST. LAWRENCE- GREAT LAKES WATERWAY

We have referred to the size of the C.S.L. fleet, but we attach for your information Exhibit No 6 showing the principal Canadian Great Lakes shipping companies, together with the number of Upper Lakers and Lower Lakers. The list excludes companies operating tankers and therefore only includes dry cargo ships. As you will see, there are twenty-five different enterprises, with Upper Lakers and Canallers.

These companies are all fiercely competitive and their progressiveness can be judged by the fact that since 1948 the number of new dry cargo ships built is 24, with a tonnage of 306,000 and dollar value of about fifty-four million dollars. Altogether, it is estimated that Canadian lake shipping operators have capital involved in ships and shore installations of more than two hundred million dollars.

These vessels are engaged in carrying ore, coal, grain, pulpwood, package freight and bulk cargoes. They may be said to be specialized in that their dead-weights are relatively great for their shallow draught. For instance, the limiting draught in the Welland Canal

at present is only 23'6". These ships are built with many hatches and with their engines aft in order that they can be loaded and unloaded very quickly, and the loading and unloading shore installations have been built to suit them. It must be realized that these ships must move the vast quantities previously indicated in a total period of 7 1/2 months, and that within this short period there are periodic demands for immediate movements greatly in excess of the average. Great concentrations of vessels are necessary in certain months of the year to move the grain crop and Exhibit No 7 shows, for instance, that about 31% of the water shipments move in October and November. Ore must be moved in 6 1/2 months and coal in about 7 1/2.

The point is that if these Great Lakes ships are not ready and available to perform their concentrated effort when required, then the effect will soon be felt in the steel industry and dependent businesses, and by the farming community, through lack of exports.

The whole Great Lakes fleet has been built up to give a great concentrated movement and we doubt if the efficiency of the handling of bulk cargoes or package freight can be equalled anywhere in the world. Although we are dealing with ships, they are a part of the industrial machine of North America.

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Section 5

METHOD OF DETERMINING CARGO FREIGHT RATES

Within the knowledge of the officials of the C.S.L. there are not any monopolies or price fixing combines among the inland shipping companies in Canada. Shipping conferences such as exist in ocean shipping do not apply in the Canadian Great Lakes bulk freight trade.

Grain rates are set by the force of competition. In 1954, for instance, rates were reduced on two occasions. A ceiling on these rates is set and controlled by the Board of Grain Commissioners.

Inland shipping operators engaged in carrying grain via the St. Lawrence route are in direct competition with grain exported via Churchill or Canadian West Coast ports. The Inland Shipping operator must, in his own interest, carry grain at such rates as will attract it to the St. Lawrence route.

British and Foreign vessels also offer competition in the St. Lawrence route, whereby they can carry grain directly to Europe from Great Lakes ports. When the Seaway is completed this competition will be accentuated because larger British and Foreign vessels will be able to call at Great Lakes ports.

The rates for carrying bulk ore and coal and other products are again set by the force of competition and are the subject of negotiation between the operators and the industry being served.

The rates for Package Freight are regulated by the Board of Transport Commissioners.

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Section 6WIDENING AND DEEPENING THE ST. LAWRENCE CANAL SYSTEM
WILL REDUCE COST OF FREIGHT THROUGH THE SYSTEM

We have no hesitation in stating that after the construction of the Seaway there will be substantial reduction in the actual cost of transporting some of the bulk freight which, at present, has to negotiate the existing St. Lawrence Canal System, because ships of twelve thousand long tons and larger will be used instead of, as at present, ships of about twenty-five hundred long tons and transshipment of grain and the use of transfer elevators at intermediate points will be unnecessary.

To this extent, therefore, the marketing of Canada's large agricultural crops will be facilitated by:

- (a) An increase in the number and size of ocean vessels which can carry grain overseas direct from the Lakehead and
- (b) A reduction in the Coasting freight rates on grain carried from the Lakehead to lower St. Lawrence ports, either for domestic consumption or for transshipment overseas.

Similarly, ore moving from Seven Islands will be single shipment cargoes without transshipment at Contre-Coeur.

The savings in cost will, inevitably, be passed on in the form of lower freight rates because of the highly competitive situation mentioned heretofore in Sections 4 and 5.

It has been stated by some authorities that these savings in the Grain Rate from the Lakehead to Montreal will amount to as much as 30% .

We point out that any overall savings in any cost of transportation will be offset somewhat by the amount of any tolls charged for using the new St. Lawrence Seaway and by any time loss which may be incurred due to bottlenecks occurring in the new St. Lawrence Seaway system and in the Welland Canal.

Although the ultimate trade pattern within the Great Lakes system may be in some doubt, there appears to be no doubt whatsoever about the fact that traffic through the Welland Canal will greatly increase after the completion of the Seaway.

This is another matter which is causing Canadian Great Lakes ship owners considerable concern since it is evident to users of the Welland Canal that this Canal is fast approaching saturation point insofar as the quantity of ships which can be handled with efficiency is concerned.

Since 1945 the number of vessel passages per season has grown from about 6,500 to 9,400 at a sacrifice of some 40% average increase in passage time.

This factor alone results in Canada Steamship Lines vessel income being some \$250,000 yearly less than

it would be if their ships could traverse the Welland Canal in the same average passage time as they did in 1945.

Any additional increase in the number of vessels or lockages will further add to the congestion in this Canal, and passages including time spent waiting at each end of the Canal, will take even longer than at present, thus resulting in an additional burden to Canadian Great Lakes operators since their operating costs will be increased over present levels.

Due to the fact that the Canadian vessels will normally be much larger vessels than their foreign competitors and will, in addition, cost more per day to operate, any lost time will cost them more than competitive shipping in both income lost and expense incurred.

A careful study of the present method of operating the Canal would, we are sure, indicate that improvements in the speedy handling of vessels through the Canal could be made and it is hoped that such a study will be made in the near future and that operational improvements will be instituted.

It appears evident, however, that the large tonnages which it is anticipated will move through the Welland Canal after the completion of the Seaway cannot possibly be handled satisfactorily within the existing Welland Canal system with its single locks, bridges and other time consuming factors. It is hoped that this problem will be given intensive study before the Seaway is opened, traffic jams and delays ensue, and Canadian operators suffer because of the additional foreign traffic which will be using the Canadian welland ship Canal at no cost.

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Section 7

PROBABLE EFFECT OF THE WIDENING AND DEEPENING OF THE ST. LAWRENCE CANALS ON CANADA'S INLAND FLEET UNDER EXISTING LEGISLATION CONTROLLING THE COASTING TRADE IN CANADA

At this point of our submission we wish to draw to the attention of the commissioners a very important fact. On the Great Lakes, only U.S.A. vessels are allowed to carry ore from the U.S.A. source (Minnesota) to U.S.A. ports on Lake Erie. When it suits them to do so they can enter the Canadian trade and carry ore from the U.S.A. to Canadian ports on Lake Superior and Lake Ontario, because the latter is at present treated as an international voyage. Canadian ships cannot carry freely ore between U.S. ports, because it would be violating the U.S. coasting laws which only permit U.S. built and owned ships to carry goods from one point on the U.S. coast to another. These U.S. coasting laws have been in effect since 1817. These laws have been extended, as American jurisdiction over coasts outside the U.S.A. has increased - for example, between the U.S.A. and Hawaii.

With the building of the Seaway, a joint Canadian and U.S. venture, U.S. ships will not be able, under our existing laws, to carry iron ore from Quebec to other Canadian ports, but U.K. ships will be permitted

to do so. After the expenditure of a huge amount of U.S. and Canadian capital for the Seaway construction, our existing laws will allow low cost U.K. ships to use their great advantage over Canadian ships to trade in the Canadian coasts.

Closely related also with the Seaway development is the fact that both U.K. and foreign vessels, manned by low paid crews, will be able to shuttle back and forth between U.S. and Canadian Great Lakes ports, thus displacing both U.S. and Canadian ships. Such a state of affairs is bound to have its reaction in fierce labour strife in both the United States and Canada. It is so serious that we believe members of the Royal Commission will wish to give it very close study indeed. The Great Lakes and connecting rivers are part of the continental industrial system and it is our belief that a treaty should be made between the U.S.A. and Canada which will preserve this water-borne trade between the two countries for U.S. and Canadian ships.

At this point we wish to draw to the attention of the Commissioners the law as at present in force governing the Canadian Coasting Trade.

The law applicable to coasting trade in Canada is contained in Part XIII of the Canada Shipping Act, 1934. It provides, in effect, that only a ship built and registered in some part of the Commonwealth may freely engage in the Canadian coasting trade. If a U.K. ship is foreign-built (outside the Commonwealth) it will be licensed on payment of a duty of 25% on the value of the ship.

It is submitted that Part XIII of the Canada Shipping Act, 1934, be amended so that after January 1st, 1957, (or other suitable date) only ships presently registered in Canada will be permitted to trade in the Canadian coasts and that additional ships must be built and registered in Canada. The act as it now stands permits U.K. vessels, built and registered in the U.K., to make use of their advantages of low building and low operating cost to trade in the Canadian coasts against the higher cost ships of Canadian register. No other part of the Commonwealth is, for practical purposes, competitive with the United Kingdom in the Canadian coasting trade.

Section 8REASONS FOR THE RELATIVELY LOWER COST OF
OPERATING U.K. SHIPS ON THE GREAT LAKES.

Canadian costs of ship operation for ships of equal size, say 10,000 D.W.T., have been estimated to be about fifty per cent higher than those of the U.K.

(a) Wage Differential - As stated previously, Canadian seamen receive comparable rates of pay to those paid in Canadian industries. Although Canadian inland ships are travelling by water they are employed in Canada just as if they were travelling on Canadian highways or railways. There is no difference between Canadian seamen and Canadian truck drivers or Canadian locomotive engineers. All are carrying goods in Canada, but by different means of transportation.

A U.K. sailor receives about \$90.00 per month, whereas a Canadian receives about \$230.00. The rates of pay of the unlicensed personnel of Canadian and U.K. and Foreign countries are shown as Exhibits Nos. 2 & 3. To sum up as Exhibit No. 8, the monthly labour cost of a U.K. and Canadian ship of about 10,000 D.W.T. is tabulated and indicates that the Canadian wages are 290% of those applying to the U.K. ship.

(b) Other Costs -

(i) Depreciation - The depreciation factor is a very important one because a Canadian built ship costs about 50% more than does a British built ship of comparable size. This percentage is difficult to prove exactly but figures can be supplied to the Commissioners to substantiate it. The higher cost of Canadian built ships is, of course, principally due to the high wages of Canadian labour. Wages in U.K. shipyards average about 60 cents per hour, whereas in Canada they average about \$1.50.

The effect of this difference on the Labour element can be grasped by taking a hypothetical case of assuming that 600,000 man hours are required to build a large ship. The U.K. labour cost will be about \$360,000, whereas the Canadian will be about \$900,000.

Steel plate in the U.K. costs about \$3.20 per 100 pounds, whereas in Canada it costs \$4.70. Both prices are basic prices f.o.b. the mills in both countries, exclusive of extras.

The cost of machinery and components is comparably higher for the same reason.

The depreciation charge, therefore, using the same percentage rate, is much higher in Canadian built vessels than in British built ships.

If the U.K. ship costs \$3 million and the Canadian \$4.5 million and a rate of 5% is used, then the respective yearly depreciation charge against each ship would be \$150 thousand for the British and \$225 thousand for the Canadian.

The U.K. vessel trading in our coasts has a still further advantage. The U.K. ship has a year-round operation and the annual charge of depreciation will be divided over 365 days, whereas the Canadian ship must absorb its depreciation over 250 days at a maximum.

(ii) Repairs - The cost of repairs in U.K. shipyards is as much lower than Canadian yards as is the construction cost, caused, of course, by the higher Canadian wage rates. The U.K. ships can go to their home ports for repairs and maintenance, whereas the Canadian vessels must be repaired here.

(iii) Stores & Supplies - Stores & Supplies in the U.K. are also proportionately cheaper than Canadian.

(iv) Management - Salaries in Canada are as much higher as are the wage rates. The Commission, we feel sure, do not require proof of this.

(v) Food - The S.I.U. has informed us that the standard of food on Canadian ships is superior to that on the U.K. Consequently, the cost of feeding Canadian crews is higher.

(vi) Fuel - It can be assumed that while trading in the Canadian coasts fuel costs in the ships of both nations will be the same.

(vii) Insurance - With the greater construction and repair cost of the Canadian ships, the insurance costs are consequently higher.

The result of these factors is that it costs much more to operate a Canadian ship than to operate a comparable U.K. ship. The Canadian Maritime Commission estimates it at 50%. We contend that the efficiency of Canadian inland ships is the equal of anything in the world, but the Canadian operator is powerless to bring his daily costs of operation down to the level of a British ship operating in Canadian inland waters.

The foregoing evidence proves the contention that Part XIII of the Canada Shipping Act, 1934, permits U.K. built and registered ships to use their advantage of low cost against higher cost Canadian built ships operating in the coasting trade in Canadian inland waters, the channels and canals and locks of which have been created and paid for by Canadians.

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Section 9AUTHORITY TO CHANGE COASTING LAWS

Under the British Commonwealth Merchant Shipping Agreement 1931 (hereto attached as Exhibit 10) Canada has the power to change her coasting laws after giving twelve months' notice. It is submitted that whatever the reasons may have been in 1931 for granting the privileges of trading in the Canadian coasts to ships of U.K. register, these reasons do not now apply, nor will they apply to the changed conditions when the Seaway is completed. We believe it was never intended that the privilege should be continued for as long a period as twenty-four years.

There is evidence, however, that the Canadians when signing the Agreement had reservations in their minds about ships navigating the Great Lakes, because at the Imperial Conference of 1930, which is reported in the Summary of Proceedings, where the Report of the Conference of 1929 was reviewed, there appears the following note on Page 26:-

"Canada reserves the right, when signing the Agreement, to declare the extent, if any, to which the provisions of the Agreement, other than those of Part 1 shall not apply to ships navigating the Great Lakes of North America."

Reference is made again to the Summary of Proceedings of the Imperial Conference of 1930, Paragraphs 95 and 100.

EXCERPTS FROM SUMMARY OF PROCEEDINGS -
IMPERIAL CONFERENCE HELD IN LONDON, ENGLAND,
1929 - (Published 1930)

And it was recommended:

"95. As shipping is a world-wide interest, in which uniformity is from the nature of the cast desirable, there is a strong presumption in favour of concerted action between the members of the British Commonwealth in shipping matters, but this concerted action must from its nature result from voluntary agreements by the members of the Commonwealth; it should be confined to matters in which concerted action is necessary or desirable in the common interest; it should be sufficiently elastic to permit of alterations being made from time to time as experience is gained; and it must not prevent local matters being dealt with in accordance with local conditions. The kind of agreement which we have in mind in making our recommendations is one extending over a fixed period of years and providing for revision from time to time."

"100. Uniform Treatment. - (a) At present all British ocean-going ships are treated alike in all ports of the British Commonwealth and, as stated in the Resolutions of the Imperial Economic Conference of 1923, it is the established practice to make no discrimination between ocean-going ships of all countries using ports in the Commonwealth. In view

of the importance that is attached to uniformity of treatment, it is recommended that the different parts of the Commonwealth should continue not to differentiate between their own ocean-going ships and similar ships belonging to other parts of the Commonwealth. Such uniformity of treatment is regarded as an asset of very considerable importance, especially for the purpose of negotiations with foreign Governments who may seek to discriminate in favour of their own ships and against British Commonwealth ships.

(b) Under the new position, each part of the Commonwealth will have full power to deal with its own coasting trade. We recommend that the Governments of the several parts of the Commonwealth might agree, for a limited number of years, to continue the present position, under which ships of any part of the Commonwealth are free to engage in the coasting trade of any other part.

(c) These recommendations are not intended to affect the right of any part of the Commonwealth to impose conditions of a general character on all ships engaged in its coasting trade, or to impose customs tariff duties on ships built in other parts of the Commonwealth or outside it, or to give such financial assistance as it thinks fit to its own ships."

But

(e) "It is recommended that no part of the British Commonwealth should give more favourable treatment to foreign ships than to ships of other parts of the Commonwealth."

From these paragraphs it is clear that this Agreement effectively strengthened each Government in the Commonwealth for the negotiation of Agreements on Shipping with foreign governments. Each Commonwealth country could then say that unfavourable treatment of its own vessels, on the part of a foreign country, might bring about exclusion of that foreign country's vessels, from trade anywhere in the Commonwealth.

It is also clear that the persons formulating the Merchant Shipping Agreement of 1931 recognized the necessity for adjusting the terms of that Agreement to local problems and changing conditions, and so they made it subject to change, upon due notice, five years after its adoption.

We point out that, when dealing with uniformity, the Agreement deals with "ocean-going ships" and in Article 10, dealing with "Equal Treatment", the term "sea-going ships" is used. The inference is that, so far as Canada is concerned, the Agreement was clearly intended to apply to ocean-going ships trading to Canadian ocean ports.

The present discussion before this Royal Commission is concerned with local conditions which exist in the Great Lakes, and are unique.

At the present time only a miniscule number of ships, other than those of Canadian registry, are

engaged in the purely coasting commerce of the Great Lakes, but the building of the Seaway will greatly enhance the opportunities which Canadian laws grant to ships of U.K. registry. Already in 1955 there is evidence of the shape of things to come. Owners with ships of U.K. registry will carry iron ore from Seven Islands, Quebec, to Contrecoeur, Quebec. These vessels, with their cheaper operating costs, already described, are able to operate their ships cheaper than Canadian operators. Similar ships are carrying titanium ore from Havre de Grace, Quebec, to Sorel.

The proposed amending of Part XIII of the Canada Shipping Act will in no way harm the trade of Great Britain, because it will not be taking away from them a trade which they now have. We will be taking away a privilege which, up to the present, they have made little use of due, partly, to the restrictive size of the St. Lawrence Canals, which restriction the Seaway will remove. On the other hand, the amendment would retain the effective status quo of the Canadian coasting operators.

It is important to make clear to the Commissioners that we do not seek to interfere in any way with the normal water carriage of goods directly between Canada and ports overseas.

We seek only to protect a trade which is indigenous to the North American Continent and is as much a part of our Canadian transportation system as are our railways, highways and airways. This is a special trade in which special skills of navigation, ship handling and ship building have been attained over many years with the resultant factor of low cost operation, commensurate with our standard of living, and the speedy handling of bulk commodities and package freight essential to the basic industries of Canada and without which they could not have been developed.

Both Canada and the U.S. have invested a huge amount of capital to make the lakes and rivers navigable. The amount is said to be \$750 million. It is expected that both nations will spend between them another \$600 million. In the case of the U.S.A., her coasting trade is protected by U.S.A. laws, but although Canada has made, and is making, further expenditures, Canada does not afford similar protection to those who earn their living by means of the inland waterway.

Section 10OTHER CONSIDERATIONS IN THE AMENDING OF
THE CANADA SHIPPING ACT, PART XIII.(a) Trade Patterns on the Great Lakes -

The ultimate pattern of trade in the Great Lakes after the opening of the St. Lawrence Seaway can only be surmised and the actual situation will only be known in the future. There are, however, many factors which may influence the situation and undoubtedly the most important of these would be the restriction of Canadian coastal trade in the Great Lakes to Canadian built and registered ships.

It must be emphasized that even if this trade is restricted as suggested there would still be the following classes of traffic operating in the Great Lakes:-

(i) Trade between U.S.A. ports and U.S.A. ports - restricted to U.S.A. owned and built vessels.

(ii) Trade between Canadian ports and Canadian ports - restricted to Canadian built and registered vessels.

(iii) Trade between Canadian ports and overseas ports - open to all Canadian, U.S.A., U.K. and Foreign vessels.

(iv) Trade between U.S.A. ports and overseas ports - open to all Canadian, U.S.A., U.K. and Foreign vessels.

(v) Trade between Canadian ports and U.S.A. ports - open to all Canadian, U.S.A. and Foreign vessels.

The proposed amendment to the Canada Shipping Act would only affect the trade pattern in class (ii) above, between two Canadian ports. Without the amendment this trade would also be open to U.K. and Commonwealth ships as it is now. At the present, however, there has been no participation in volume in this trade by British built and registered ships, (which could be brought into the Great Lakes via the Mississippi River and the Chicago Ship Canal). This trade has not proved sufficiently attractive to British operators since the existence of the present St. Lawrence Canal system would necessitate shipping being left in the Lakes permanently, thus depriving British shipping operators of flexibility of operation and the ability to place their ships and so earn income wherever, at any time, it appears advantageous so to do.

Since U.K. vessels do not now, to any appreciable extent, compete in this trade, then to exclude them from it on or before the opening of the Seaway would not be taking from them any actual trade which they now have. With the opening of the Seaway, British and foreign fleets will normally have much greater opportunities for trade between all Great Lake ports and overseas markets.

As far as grain is concerned, the greater part of Canada's production is exported overseas and the restriction of the coasting laws will not curtail in any way the full cargoes of grain which can be shipped in future direct from the Lakehead to other Eastern Canadian ports either for domestic consumption, for transshipment to ocean vessels at various ports on the St. Lawrence, or for transshipment by rail during the winter to St. John and Halifax.

As regards the trade in Class (v), it has already been dealt with in Section 7.

In this respect, however, the attention of the members of this Royal Commission is directed to the existence of the United States Merchant Marine Act of 1936. This act provides ship construction subsidies and ship operating subsidies to United States shipowners engaged in the foreign trade of the U.S.A.

Among the trades of class (v) will be the carriage of iron ore between Seven Islands in the Canadian Province of Quebec and the United States Great Lake Ports which is, at present, considered an international voyage. It is possible that such a route might become a United States subsidized trade route.

If so, then ships of Canadian registry will find themselves in competition not only with low paid U.K. and Foreign ships, but with U.S. subsidized vessels.

We do not know of any steps which are being taken to make the Seven Islands-Great Lakes voyage a subsidized route, but we do believe the Commissioners should give consideration to the possibility and to the danger of such subsidized competition to ships of Canadian registry in the St. Lawrence-Great Lakes Waterway.

(b) Factors which are More Important than Cheapness.

It may be said that by closing the Coasting trade an opportunity will be lost to reduce freight costs still further than they will be by the opening of the Seaway by use of cheaper operated U.K. vessels for coasting shipments. There is no doubt that such opportunities would arise, particularly where U.K. ships in Great Lake waters, without cargo bookings, would endeavour to obtain cargo by quoting lower rates, possibly at distress levels.

We believe that such sporadic, off and on, type of carriage by U.K. ships would introduce a widely fluctuating factor in the merchandising price of grain delivered to the Eastern Canadian grain consumer or exporters. Freight rates on ocean traffic already fluctuate much more widely than rates on lake traffic. (See Exhibits Nos. 11 and 12.) This would, we believe, be unwelcome by the grain merchants, processors and farmers of Eastern Canada for the following reasons:-

Farm animal feeding for livestock production is a highly specialized business and the Eastern farmer-consumer requires a reasonably stable price on his feeds to enable him to gauge production costs of livestock to meet the livestock market. Any new factor that would disturb grain prices to him, by wide fluctuation, would be held undesirable. Indeed he has

agitated, through his livestock associations, to the Government of Canada from time to time, to legislate against the causes of wide, quick variations in the prices he has to pay for Western grown grain. We believe, wildcatting by British owners in distress would disturb the laid-down price to the Eastern merchant or processor, and ultimately through to the farmer-consumer and would be condemned by all three as an undesirable factor.

We believe also, the grain merchants in Winnipeg, acting as suppliers to the Eastern Canadian domestic market, would find the introduction of wildcatting U.K. ships an undesirable factor in grain merchandising. Sporadic and indeterminable distress rates by U.K. ships would tend to make domestic shippers very wary about what quantities of grain they would move into the Eastern Canadian positions unsold for regular merchandising. For instance, a grain merchant in Winnipeg would be hesitant to place grain to the Georgian Bay basis Canadian owner rates if he thought a competitor the following week might obtain British freight at a reduced rate, as he would be out-priced on his grain for domestic merchandising. The effect would tend to be that grain would be shipped into the East only as sold and therefore not flow as freely from the Lakehead as it now does. This again would be an undesirable feature for the Eastern consumer, for grain in nearby positions would not be available to him and therefore he would have to anticipate and speculate more so by laying in supply for his anticipated future requirements.

We feel that if the present coasting law is not changed, the grain industry in Canada faces a marked change, creating new problems for the Canadian domestic-consumer, the domestic-supplier, the Canadian exporter, the Canadian Wheat Board, and ultimately foreign domination of the carriage of grain within Canadian waters.

Further, the Commissioners should know that the maximum grain freight rates are controlled by the Board of Grain Commissioners and that the Wheat Board is the only seller of export wheat and is in the position to determine the rates for wheat.

(c) Availability of Tonnage, Stability of Freight Rates,

National Security

There are other factors in the bulk movement of grain, ore and coal which might well be of greater importance to wheat growers and shippers and the Canadian economy as a whole, than simple considerations of fractionally lower freight costs on a sporadic and indeterminate basis on a proportion of the total freight movement. These are:

- (i) Availability of tonnage in sufficient quantity of the right type at the right time.
- (ii) Stability of freight rates.
- (iii) National Security.

Availability of Tonnage

The total quantity of grain, ore and coal to be carried during the season of navigation on the Lakes

is tremendous and a steady flow of shipping must be available to make the movement possible. At the present and for many years past Canadian lake vessels have handled this trade and have developed the highest skill and co-ordination so essential to cope with the difficult problem. The present methods of handling these bulk commodities have been arrived at as a result of many years' experience of the problems and difficulties involved.

The quantities of grain shipped by water out of the Lakehead in 1951/52 season were 420.6 million bushels, in 1952/53 459.2 million bushels, 1953/54 327 million bushels, and it should be remembered that this grain must be transported in a limited amount of time, the effective shipping season being only 7 to 8 months.

The grain flows out quickly in the spring and should lakehead shipment be slow during the fall period it is the carryover from the previous harvest which is in place at the lakehead and to a large extent also at the Western country elevators. Therefore, if lakehead shipments were dependent on ocean shipping and if through any circumstances this should not be available, there would be little or no storage space available for the currently completed harvest. For example, after the harvest a large quantity of grain must be transported to the Georgian Bay area for storage from whence it goes by rail to Atlantic ports in the winter.

To illustrate the movement of grain by water from the lakehead we call attention to Exhibits 7 and 9, which clearly indicate the peak shipments as being in the Spring and Fall. Exhibit No. 7 shows the average monthly flow of grain by water from the lakehead for the last seven crop years. The crop year is from August 1st to July 31st.

From Exhibit No. 7 it will be seen that the average quantity of grain over a seven-year period, to be moved by water from the lakehead during the month of November, is 50 million bushels, during May is about 40 million bushels and during August is only some 20 million bushels.

This graph, whilst it indicates the general fluctuation, still does not tell the whole story, since there are great variations in demand from these averages from year to year and shipping needs cannot be based on average requirements. If grain must move efficiently to suit export requirements or to clear country or lakehead elevators then shipping must be available at short notice to take care of peak emergency requirements.

Exhibit No. 9 indicates by month, the quantities shipped from the Lakehead by water during the seven-year period covered by Exhibit No. 7. From this exhibit it will be seen that:-

- (a) The shipments in the month of April varied between practically nil in 1950 to 71.5 million bushels in 1953;
- (b) In June, over the period considered, shipments were usually average with the exception of the year 1952, when 69 million bushels were moved.

- (c) It is not always possible to forecast an exceptionally heavy volume of shipments from the lakehead during any particular month from knowledge of probable high level of shipments over the crop year. For example, although total lakehead shipment by vessel for 1948-49 was only 62% of 1951-52 shipments, the shipments by vessel during November in the former year were the heaviest to take place during that month for any year, until the record year of 1952-53, and even during that record year, November shipments by vessel only exceeded the same month for 1948-49 by some 13%.

Prior notice of actual quantities to be shipped is usually short and the cargoes can only be handled because the full weight of all Great Lakes shipping can be thrown into the grain movement at short notice.

This is only possible because the shipping is here and does not have to be assembled from a world shipping pool, nor does it have to be attracted by special freight rate considerations compared with freight rates applying any where else at the same time.

Shipping is also diverted from carriage of other bulk commodities including ore and coal.

Last year, for example, Great Lakes shipping operators had vessels which were never called into action because there was not sufficient movement to require their services. Nevertheless, they were all here in the Great Lakes, and were ready and available at short notice.

Canada Steamship Lines alone had two vessels available at four days' notice capable of carrying one million bushels; such conditions naturally would not be feasible if Canada was using other shipping to move the bulk of the wheat.

Let us consider for a moment that due to circumstances we have no Great Lakes Fleet, and that 70 million bushels is to be moved from the Head of the Lakes in one month at short notice. Liberty type vessels at 23'-6" draught can only carry some 250,000 bushels and therefore some 280 such ships would be required. Even this quantity is conservative when we remember that these ships will take longer to load and unload than the Canadian specialized ships since they are not specially designed for grain carrying.

If there was, at any time, no Canadian Great Lakes Fleet and U.K. shipping was not available when required to move, in quantity, the wheat crop or the grain crop, we do not believe it would give Western farmers much satisfaction to know that had U.K. shipping been available it could possibly have been operated at a lower freight rate than Canadian ships could have accepted with reasonably profitable operation.

At present, when there is a sudden surge of buying, the bottleneck occurs at Montreal where the ocean shipping must receive the grain; the existing lake shipping can and always will be able to get the grain in

quantity to Montreal far ahead and in excess of the ability of any amount of ocean shipping to receive it.

We believe, therefore, that it will not be possible for U.K. or foreign shipping to handle Canadian grain in quantities and at the times required and suitable to Canadians.

The problems associated with the movement of coal and ore, whilst not the same as those applying to grain, are quite similar, and many of our vessels are designed to efficiently carry all three commodities.

Coal must be transported in 7 1/2 months. Ore must be transported between May 1st and November 10th, a period of about 6 1/2 months, since the ore is frozen and impossible to move outside this period.

The movements of coal and ore are huge and we list below the quantities carried to Canadian steel mills:-

	<u>1952</u>	<u>1953</u>
Iron Ore -U.S.A.to Canada	3,682,000 N.T.	4,130,000 N.T.
Coal -U.S.A.to Canada	14,830,000 N.T.	14,900,000 N.T.
Limestone -U.S.A.to Canada	750,000 N.T.	900,000 N.T.

To move this vast quantity of coal and ore bigger ships have had to be built, otherwise it could not be carried in the time allowed.

In addition, the steel mills have erected very expensive unloading machinery since rapid dispatch of the vessel is as important as its size. These vessels are special-purpose ships, and their design conforms to the docks and machinery developed for the rapid loading and unloading of ore.

U.K. ships, with their lower operating expenses, will admittedly be able to undercut the Canadian vessel when it suits their purpose. If the Canadian inland fleet is rendered so unprofitable as to be put out of action, our steel mills will be entirely dependent on U.K. and foreign ships. It is, therefore, very much in the interests of the Canadian steel mills to have an efficient Canadian bulk carrying fleet.

As the law stands at present, U.K. and foreign shipping can enter the ore and coal trade within the Great Lakes between Canada and the United States, and if Part XIII is not amended, it means that U.K. ships can also enter the Canadian coastal, ore and coal trade when it suits them. They can destroy the Canadian rate structure, force Canadian ships out of business and leave the Canadian steel mills to their fate when more lucrative cargoes appear somewhere else in the world.

It is essential to understand that, in the movement of ore and coal from their point of origin to the steel mills, the lake vessel is only one link in a closely knit chain of movement by different methods of transportation, transfer and storage, all of which have developed together, step by step over the years, as also have production operations at the raw material sources. As tonnage requirements at the mills have

increased each link in the chain of movement has been enlarged so as to provide throughout the system the required capacity. This balance of facilities between material source, vessel, rail and shore installations to load and discharge ore or coal is finely balanced and should one section or link in this system fail for any reason whatsoever (as could be the case if ocean vessels were substituted for lake vessels and for a period were not available) then the whole system would be thrown out of balance with consequent economic difficulties forced into mining operations through interruption of production flow, rail operations through the immobilization of loaded cars unable to discharge at rail/vessel transfer points and at the mills themselves through the non-receipt of their normal flow of raw materials.

To envisage the position it is only necessary to recall circumstances brought about during times of rail or vessel crew strikes.

Stability of Freight Rates

Let us now consider the importance of and relative effects of stability in freight rates.

Generally speaking, rates of the cargoes of grain by lake vessels are subject to infrequent variations and, in fact, there have been only four changes of rates between 1948 and 1955 for grain carried between the lakehead and Montreal. On the other hand ocean rates are subject to constant and frequent variations.

In general, the stability of the Canadian Great Lakes freight rates is brought about by the fact that Canadian lake operators are an integral part of Canada's economy, their livelihood lies here and nowhere else. -

They have not and do not demand excessive increases in rates when times are good and their rates are based upon operating costs with reasonable margin for profit. The control of maximum rates by the Board of Grain Commissioners prevents Lake shipping companies from taking short-term temporary advantage of shortages of shipping.

Furthermore, they are always here and cannot go elsewhere from time to time as world trading conditions change in order to obtain more lucrative employment elsewhere. They stand or fall by Canada, not only in time of peace but also in two major world wars.

The changes in grain rates from the lakehead to Montreal which have taken place in recent years occurred in February, 1951, when the rate was increased from 13¢ to 16¢ per bushel for wheat. In May, 1954, when the rate was decreased to 14 1/2¢ per bushel for wheat and August, 1954, when a further decrease to 13 1/2¢ per bushel was made. (The reductions in rates in 1954 are sound evidence of the fact that rates are competitive, as costs were higher in 1954 than in previous years and the only reason for the reduction was that the volume of grain and ore had fallen off and there were more ships available than were required to move the tonnage offering).

Rates for the carriage of ore and coal are customarily set by contract between the shipper and carrier and are generally not subject to variation during the navigational season. Contracts, however, are revised each year and the rate, therefore, can vary from one year to another, although not customarily from one month to another.

The position in so far as Ocean Shipping is concerned is in direct contrast to the comparative steadiness of Freight Rates on the Great Lakes.

This can be readily observed from the following table showing World Wide Trip Charter Freight Indices for the years 1950 to 1954.

(Average July to December 1947 = 100)

<u>Year</u>	<u>High</u>	<u>Low</u>
1950	120.9-Dec.	73.3 -Feb.
1951	192.0-Nov.	139.6 -Jan.
1952	167.9-Jan.	83.7 -Aug.
1953	89.9-Jan.	82.5 -Sept.
1954	120.1-Dec.	83.4 -Jan.

World Wide Freight Indices, however, do not take into account, local or route supply and demand factors, which can result in variations on particular trade routes considerably exceeding the world average.

For instance, the British publication "Fair-play" dated January 13th, 1955, gives Freight Rate Trends for the carriage of Grain from St. Lawrence to United Kingdom Ports as follows:-

<u>Year</u>	<u>High</u>	<u>Low</u>
1952	80s. 0d. per long ton	35s. 0d. per long ton
1953	53s. 0d. " " "	41s. 0d. " " "
1954	75s. 0d. " " "	42s. 6d. " " "

If these two tables are brought to a common denominator by using 1952 low as Index 100 we clearly see that the Freight Rates from the St. Lawrence to United Kingdom Ports greatly exceed in fluctuation those applying to World Rates.

<u>Year</u>	<u>World Wide Indices</u>		<u>St. Lawrence to U.K.</u>	
	<u>High</u>	<u>Low</u>	<u>High</u>	<u>Low</u>
1952	200.6	100.0	228.6	100.0
1953	107.4	98.6	151.4	117.1
1954	143.5	99.6	214.3	121.4

From the above tables it can be seen that not only is there a very considerable variation in rates from month to month during the year, and from one year to another, but also there is no set pattern in the variations which would enable grain shippers to forecast the probable level of freight rates by ocean vessels, should they be forced to rely on this type of carrier for the carriage of grain to other Canadian ports. Events in any part of the world are liable to cause drastic change

everywhere, from time to time, in marine freight rates. During one year of the Korean War, rates doubled for the carriage of grain from St. Lawrence Ports to the United Kingdom.

National Security

It appears to be self-evident that, on the simplest and most elementary considerations of National Security, we must retain the carriage of bulk commodities by Canadian owned and domiciled ships.

It appears incredible that we would for any reason whatsoever put ourselves in a position whereby the transportation of such vital commodities is not under our own jurisdiction and control.

Steel mills cannot produce steel for peacetime or emergency requirements without a continuous, certain, regulated flow of raw materials and this lifeline of supply cannot be endangered for temporary, occasional, fractional savings in freight rates. It would appear to be little short of suicidal to spend vast sums on National Defence and yet be prepared to weaken the means of supplying our industries with their raw materials.

We have no doubt about the sincerity and integrity of our British cousins and are sure that in time of emergency they would be prepared to do their very best to help us, but it must be borne in mind that in time of emergency they may not even be in the Great Lakes and may not be able to get there. In any case, in time of emergency we should not be dependent on other nations, no matter how friendly, to transport Canada's own internal traffic.

It must be recognized that Canada's lake fleet, if subjected to further competition from cheaper operated U.K. vessels, must in the long run disappear, in the same way that Canada's deep-sea fleet has in fact almost disappeared in the period of less than ten years since the close of World War II. The major deterrent to similar overwhelming competition in Canada's Great Lakes trade in the St. Lawrence Canal System as it now exists and with this barrier gone it is believed that only an amendment of the coasting laws can save Canadian-owned and operated lake vessels from virtual extinction.

In reviewing the war effort of the U.S.A. and Canada in World War II it is safe to say that the war could not have been won without the ships of the Great Lakes from the standpoint of supplying ore for the making of steel or grain for feeding the armies, and efficient ships in the Waterway are as necessary to National Defence as are Navies and Air Forces. The Fighting services are only as strong as is industry behind them, and industry requires steel. In war time, without ships on the Great Lakes, it would be impossible to recruit ocean-going ships. In fact, in the last war the reverse step took place, when large numbers of Canallers were drawn off for ocean service.

The same thing can be said of officers and crewmen, for, with the virtual elimination of Canada's deep sea fleet, the Great Lakes Fleet provides the only major source of trained ship operating personnel for Naval use in times of National emergency.

(d) Possible Transfer of Ships of Canadian Registry to British

Register & Resulting Industrial Conflict

We point out to the Commissioners that the term "British ship" is not defined in the Canada Shipping Act, but it is to be assumed that the provisions of the statute-relating to registry- sufficiently define such a vessel to be one owned and registered in a part of the Commonwealth, or in any of Her Majesty's Colonies, Protectorates and Mandates.

Therefore if ships of U.K. registry are to be permitted to continue operating in our coasting trade, there is no reason why units of our inland fleet should not be transferred to U.K. registry and manned by crews of British unions and governed by the regulations of those unions.

The Commissioners should realize that most of Canada's deep-sea fleet has already been transferred to U.K. register and manned by crews belonging to U.K. trade unions and receiving U.K. rates of pay.

In the event of large numbers of ships of U.K. registry, manned by U.K. crews trading on the Canadian coasts and on the Great Lakes, there is bound to be such fierce industrial strife that the working of such ships in Canada's coasts will be completely impractical.

In recent years illegal strikes have occurred in U.K. ships in our waters with the result that crew members were put in gaol. Both the British Merchant Shipping Act and the Canada Shipping Act provide for penalties or imprisonment in the event of illegal strikes by crews of British ships.

How much greater will this industrial strife be if we have large numbers of ships, under U.K. registry, trading in our coasts, paying men about one-third of the going rate of Canadian wages.

We contend that no such state of affairs was envisaged twenty-four years ago when the British Commonwealth Shipping Agreement was signed.

There will be some who will contend that it will be sufficient if British built and registered ships are only required to pay Canadian seamen's wages while in our territory. This will be impossible to police. Furthermore, we have shown that there are factors of operating costs, other than labour, which give U.K. ships an advantage over our own vessels, not the least of which is their year-round operation and their ability to take advantage of the Canadian coasting trade when it suits them and to bear no responsibility whatsoever for the movement of the Canadian inland trade which is to the well-being of our industry and agriculture.

(e) Opening of the Canadian Coasts to Ships
of All Nations

Some interests will advocate the opening of the coasting trade of Canada to ships of all nations as well as those of the U.K. In such an event the arguments set forth here regarding the amending of Part XIII to exclude ships of U.K. registry are even stronger for the foreign ships, because their wages in some cases are even lower than those of the U.K. We attach Exhibit No. 3 showing the wage rates of foreign seamen. Also the ship construction costs in Germany, Holland and Japan are lower than those of the U.K. because of still lower wage rates in the shipyards. It is said that shipyard wages in Holland Germany are about 47 cents per hour.

(f) Anti-Cabotage Air Restrictions

In Canada's Air Services Cabotage is under restriction. Canada is one of fifty-four signatories to the International Civil Aviation Convention of 1944 which reserves to each nation the right to ban Cabotage despite an individual international agreement under the convention. The airlines of such countries as Great Britain, U.S.A., and France operating through Canada are not allowed to pick up and drop traffic between Canadian points. Due to the Agreement, signed twenty-four years ago, Cabotage receives a different treatment as far as the coasting and inland waters are concerned.

Canada is actually one of the few leading Maritime nations whose ships have to fight for a share of their country's own coasting commerce.

In Europe, such countries as France, Spain, Portugal, Greece, Finland and various South American countries reserve this trade exclusively for ships flying their own flags.

The United States retains its coasting trade for U.S. built and U.S. operated ships and India and Australia effectively restrict their coasting trade to their own Nationals by licensing arrangements.

The Union of South Africa is at present introducing a bill to reserve the coasting trade of South Africa for their own Nationals.

The United Kingdom has no statutory restriction on its coasting trade, but geographical conditions, the nature of the trade and the low cost of British shipping result in the United Kingdom virtually carrying one hundred percent of its own coasting commerce.

Section 11CANADIAN BUILT SHIPS

Shipbuilding is not an industry of mass production such as is the airplane and motor car business, where specialized machine tools and elaborate jigs are used to manufacture interchangeable parts. Mass production industries require orders for units in hundreds or thousands to make it economically possible for them to exist. Shipbuilding, even if many ships of the same kind are ordered, can not be considered an industry of mass production. Shipbuilding may be described as similar to the construction industry, except that the ship structure must be able to float and remain upright at sea.

The building of a ship is the building of a floating community which must generate its own power not only to drive it through the sea but to provide power for light, heat and cooking.

Shipyards are assembly points in that materials, components and parts, both finished and semi-finished, are funnelled into the shipyard for installation in the vessels.

The men who build ships, who make ship components and who install them in the ships, are not mass production workers who operate specialized machine tools or do repetitive work as is done in the mass production industries.

The men who build ships can not be trained easily or quickly. Dependency on these skills is greater even than it was in World War II, because of the increase in complexity of ships, not only for war vessels but for merchant ships.

Destruction of the Canadian shipyards and dispersal of the skilled work forces is not only a danger to Canada and to Great Britain but a danger to free men everywhere.

We suggest to the Commissioners that they study the character and accomplishments of the Canadian Shipbuilding and Ship Repair industry. In our opinion, it is linked closely with the Canadian coasting trade.

The accomplishments of the shipbuilding industry can not be passed over lightly. It is not an industry without originality in that it has not merely copied the ship designs of other nations. Ships are built for specialized needs. Specialized vessels are features of the ships in Canada's coasting trade.

It is recommended that members of the Commission visit several shipbuilding companies and see for themselves the complex organization needed to build a ship. No amount of writing in this brief can convey to anyone not familiar with shipbuilding the meaning of the problem.

The war-time accomplishments are a matter of record, but the Canadian shipbuilding industry has many peace-time achievements to its credit. For instance, two of the largest icebreakers in the world have been designed and built in this country and both vessels differ widely in their design from one another.

The icebreaker "D'Iberville" was built by Davie Shipbuilding Limited at Lauzon, Quebec, in 1952. It is the largest icebreaker in the free world.

H.M.C.S. "Labrador" is a large Navy icebreaker built by Marine Industries Limited at Sorel, Quebec.

The largest train ferry in the world, the S.S. "New Grand Haven", was the creation of Canadian Vickers Limited, Montreal, and is now in service between the U.S.A. and Cuban ports.

Two large tankers of almost 29,000 D.W.T.- the S.S. "Andros Venture" and "Andros Fortune", were built by Davie Shipbuilding Limited, Lauzon, Quebec. At the time of their construction, 1953 and 1954, they were among the largest of this class in the world.

One of the largest specialized ocean-going vessels in the world, the S.S. "Sunrip", was built by Davie Shipbuilding Limited, Lauzon, Quebec.

Reference has been made to the fact that, in recent years, some fifty-four million dollars has been spent on new ships for the Great Lakes and Coasting trade. In this connection the industry designed and built the largest and most efficient ships ever constructed on the Great Lakes. The names of some of these ships and builders are as follows:-

S.S. "Hochelaga"	-	Midland Shipyards	-1950
S.S. "Coverdale"	-	" "	-1951
S.S. "Gordon C. Leitch"	-	" "	-1952
S.S. "James C. Norris"	-	" "	-1953
S.S. "Sir James Dunn"	-	Port Arthur Shipyards	-1952
S.S. "E.B. Barber"	-	" " "	-1953
S.S. "Thunder Bay"	-	Port Arthur Shipyards	-1953
S.S. "Paterson"	-	" " "	-1954
S.S. "John O. McKellar"	-	Port Weller Shipyards	-1953
S.S. "Scott Misener"	-	" " "	-1954
S.S. "Georgian Bay"	-	Collingwood Shipyards	-1954
S.S. "T.R. McLagan"	-	Midland Shipyards	-1954

These huge ships carry deadweights up to 25,000 Tons. They and many others have contributed greatly to the economical transportation of Canada's bulk trade of grain, ore and coal.

Canadians can not build ships in Canada as cheaply as can the British in Great Britain when Canada's wages are nearly three times those paid in British shipyards or British industries. Despite the disparity of wages, British built and registered ships enter our Coasting trade free of duty. The duty on foreign built ships at 25%, instituted in 1907, is totally unrealistic with conditions in the Canada of 1955. This duty merely protects British shipbuilders selling ships for the Canadian coasting trade. It does nothing for the Canadian shipbuilders, wage earners nor for Canadian shipbuilding enterprises.

We point out to the Commission that Canadian shipyards cannot exist on ship repairs and naval work alone. Other new construction is needed and, if not forthcoming, we believe that the industry will die. The building of ships for the Coasting trade is necessary for the shipyards of Canada. After the experience of World War II, it is unthinkable that shipbuilding in Canada should be allowed to die.

Section 12Dumping of Foreign Ships on to the
Canadian Coasts.

Linked up with shipbuilding is the question of dumping foreign built ships on to the Canadian coasts with ministerial permission. (See Section 22 of the Canada Shipping Act.) If additional ships going into service on the Canadian coasts were restricted to Canadian built ships then dumping would not be a problem.

We call to the attention of this Royal Commission this anomalous situation, that American shipowners, with the permission of the Minister of Transport, can dump their old ships on to the Canadian coasts but Canadians can not dump their old tonnage on to the American coasts, because the American coasting laws prevent them from doing so.

It is the conviction of the Management of Canada Steamship Lines that Canada must have a shipbuilding industry and that the ships for the Coasting trade should be built in Canada.

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SUMMATION:

(i) In finalizing this submission we reiterate it is very much in the best interests of Canada that Part XIII of the Canada Shipping Act be amended so that only Canadian registered ships are permitted to engage in the Coasting Trade of Canada and sufficient notice be given so that after January 1st, 1957, only vessels built and registered in Canada may be added to the Coasting Fleet.

(ii) In asking for the amendment of Part XIII we wish to make it clear that we are concerned only with the trading between one point on the Canadian coast and another and do not seek interference with the normal water carriage of goods directly between Canadian ports and ports overseas.

(iii) As the Canadian coasting trade is a domestic matter, there is no valid reason for not placing it in the same position as road, rail and air services, which, under traditional Canadian policy, are carried out by Canadian agencies operating under Canadian laws.

(iv) Wages of Canadian inland crews are approximately 290% of the wages of British crews. Canadian crew wages parallel those of Canadian industry. For practical purposes Canadian Coasting shipping operators can not pay U.K. crew wages while doing business in Canada.

(v) If Part XIII of the Canada Shipping Act is amended, as suggested, it will not be depriving Great Britain of earning power which she has made use of to any extent, and therefore, will not be bringing hardship to the British people. A country can not now lose business which it does not now possess. The amendment, however, will maintain the status quo of Canadian operators and crews.

(vi) Working in consort with the U.S.A. on the Seaway, Canada should give the same protection to Canadian ships and their crews as does the U.S.A. to their ships and crews.

(vii) Cabotage should not have one treatment for Canadians air services and another for steamship coasting services.

(viii) If the inland fleet is put out of business by low cost U.K. ships it will not be possible to rely on a sufficient number of U.K. and foreign ships being assembled in the Great Lakes at the right time to move the Canadian bulk commodities.

There are other factors in the bulk movement of grain, ore and coal which might well be of greater importance to grain growers and shippers and the Canadian economy as a whole than simple consideration of fractionally lower freight costs on a sporadic and indeterminate basis on a proportion of the total freight movement.

(a) Availability of tonnage in sufficient quantities of the right type at the right time.

(b) Stability of freight rates

(c) National Security

It is in the best interest of Canada to maintain this inland fleet and not to destroy it.

(ix) The Seaway should make our coasting trade more efficient, by the simple fact that goods being brought to Montreal from the grain transfer points, and vice versa, will be carried on vessels of up to 25,000 tons, instead of on vessels of 2,500 tons. The Seaway will permit large shipments of Ungava iron ore to be carried directly to Lake Ontario and Lake Erie ports. Costs will be reduced, tempered somewhat by the tolls which will be charged. One pertinent question is, Will these tolls be the same for Canadian and U.K. ships, and foreign ships?

(x) The Seaway is now moving toward completion and will give large U.K. ships opportunities for trading in Canadian inland waters which they never had before. It is necessary for the Canadian Government to enunciate a policy, amending Part XIII, which will have the effect of assuring Canadian citizens that the great expenditures for the Seaway will not bring about the destruction of efficient and profitable Canadian enterprises. Furthermore, pending the enunciation of the policy, capital expenditures which may be necessary to meet the changes brought about by the Seaway are being held up. Larger ships to replace small ships will be required, as will be docks, warehouses and machinery.

(xi) Canadian shipbuilding industries should not be permitted to die. It is necessary for National Defence and repairing of Coasting ships. It can not compete with British shipyards because the wages of shipyard workers in Britain are only 50-60 cents per hour, whereas Canadian wages are approximately \$1.50³. The shipbuilding industry can not be kept alive with Naval and Government ship construction alone. It needs the new vessel construction for the Coasting Trade. New ships entering the Canadian coasting trade after January 1st, 1957, should be built and registered in Canada.

(xii) We request that the Commission recommend to the Government of Canada, for all of these reasons, that Part XIII of the Canada Shipping Act, 1934, should be so changed, that after January 1st, 1957, (or some other suitable date) only ships registered in Canada shall be permitted to trade in the Canadian coasts: and thereafter, additional ships for this trade must be built in Canada. For the sake of all whose interests are at stake, in this matter, the Government should make clear that it intends to support and maintain the present fleet on the Great Lakes. Furthermore, since U.K. vessels have already come into the Canadian iron ore trade, in the coasting waters of Quebec, time is of the essence.

(xiii) Closely related to the restriction of the Coasting trade to Canadian built and registered ships is the trade between U.S. and Canadian ports in the Great Lakes.

Since Articles 1(c) & (d) of the Terms of Reference of the Royal Commission empower them to do so, it is suggested that the Commissioners study the

effect of U.K. and foreign vessels, manned by low paid crews, displacing U.K. and foreign vessels, manned by low paid crews, displacing U.S. and Canadian ships in this U.S.- Canadian Great Lakes trade.

Such a trade is now considered to be an international voyage. With the completion of the Seaway large U.K. and foreign ships, manned by low paid crews, will be able to shuttle back and forth between U.S. and Canadian Great Lakes ports.

Their low cost of operation will permit them to enter the Waterway and reduce rates whenever it suits them to do so. Such tactics may drive U.S. and Canadian ships out of business. Such tactics will surely bring about labour strife to such an extent that the employment of U.K. and Foreign vessels in the U.S.- Canadian Great Lakes trade will be impractical.

CANADA STEAMSHIP LINES LIMITED FLEET MAY 1955

(Not including ships under construction)

SOURCE - CANADA STEAMSHIP LINES LTD. RECORDSUpper Lake Bulk FreightersDeadweight Tonnage

T.R. McLagan	25,550
Sir James Dunn	21,000
Thunder Bay	21,000
Hochelaga	20,000
Coverdale	20,000
Georgian Bay	18,500
Lemoyne	18,450
Donnacona	16,900
Leduc	18,450
Gleneagles	15,750
Stadacona	15,750
Ashcroft	14,100
Hagarty	12,000
Westmount	12,000
Goderich	10,700
Prescott	9,400
Burlington	8,300

277,850Self Unloading Coal Carriers

R.O. Petman	7,500
Midland Prince	6,900
Coalhaven	2,400
Collier	2,400

19,200Lower Lake Bulk Freighters

Grainmotor	3,000
Teakbay	2,700
Kinmount	2,650
Barrie	2,600
Penetang	2,600
Acadian	2,550
Fairmount	2,500
Mapleheath	2,500
Simcoe	2,500
Starmount	2,500
Elgin	2,450
Meaford	2,450
Glenelg	2,350
Hastings	2,500

35,850Upper Lake Package Freighters

Collingwood	6,300
Martian	5,600
Renvoyle	5,000

16,900

Lower Lake Package FreightersDeadweight Tonnage

Battleford	2,500
Beaverton	2,500
Calgarian	2,500
Canadian	2,500
Edmonton	2,500
Fernie	2,500
Kenora	2,500
Lethbridge	2,500
Saskatoon	2,500
Selkirk	2,500
Weyburn	2,500
Winnipeg	2,500
City of Windsor	2,400
City of Toronto	2,150
City of Hamilton	2,150
City of Kingston	2,150
City of Montreal	2,150

41,000

Eastern Division Passenger
Steamers

Richelieu	4,674
St. Lawrence	4,218
Tadoussac	3,684

12,576

TOTAL 403,376

Number of Ships 58

S U M M A R Y

	<u>No of Ships</u>	<u>D.W.T.</u>
Upper Lakers	22	309,150
Lower lakers	33	81,650
Sub-Total	55	390,800
Passenger	3	12,576
GRAND TOTAL	58	403,376

WAGES PER MONTH 1954 - UNLICENSED PERSONNELSOURCE: AGREEMENT WITH S.I.U.

RATING	Monthly Rate	Saturday & Sunday Over- time Bonus per Day	Estimated Normal Overtime	Average Rate Monthly In- cluding Over- time
Wheelsman	230.00	7.67	50.60	280.60
Watchman	205.00	6.83	45.10	250.10
Deckhands	190.00	6.33	41.80	231.80
Oilers	230.00	7.67	50.60	280.60
Firemen	220.00	7.33	48.40	268.40
Coalpassers	190.00	6.33	41.80	231.80
Cook 1st	280.00	9.33	61.60	341.60
Cook 2nd	200.00	6.67	44.00	244.00
Messman	190.00	6.33	41.80	231.80
Porter	180.00	6.00	39.60	219.60

EXAMPLES OF MONTHLY WAGE RATES - CANADIAN BRITISH AND OTHER EUROPEAN NATIONS

COUNTRY	WHEELSMAN			WATCHMAN			DECKHANDS			OILERS			FIREMEN			COOKS		
	Basic Wage	Cdn Rate as % of Foreign	Rate	Basic Wage	Cdn Rate as % of Foreign	Rate	Basic Wage	Cdn Rate as % of Foreign	Rate	Basic Wage	Cdn Rate as % of Foreign	Rate	Basic Wage	Cdn Rate as % of Foreign	Rate	Basic Wage	Cdn Rate as % of Foreign	Rate
Canada	230			205			190			230			220			280		
United Kingdom	72	320		82 (A.B) 52 (Boy)	250 395		69	275		86	267		81	272		106	264	
OTHER EUROPEAN COUNTRIES																		
Italy	27	852		19	1079		17	1118		28	821		28	786		-	-	
Holland	59	390		59	347		59	322		62	371		62	355		-	-	
Norway	89	258		89	230		89	213		89	258		89	247		-	-	
Finland	81	284		-	-		81	235		81	284		81	272		-	-	
Germany	60	383		60	342		60	317		62	371		62	355		-	-	
Belgium	101	228		-	-		101	188		103	223		103	214		-	-	
France	51	451		47	436		39	487		57	404		57	386		-	-	
Sweden	91	253		61	336		40	475		92	250		91	242		-	-	
Greece	81	284		81	253		27	704		92	250		87	253		-	-	

Note:-

1. Wage Rates shown are basic and no provision for overtime is made in this table.
2. Overtime payments and fringe benefits including holiday allowances, welfare plans etc. paid to Canadian seamen are much more generous than paid to others included in this table.
3. Sterling exchange is calculated at \$2.70 to one pound sterling.

WELLAND CANAL - FREIGHT THROUGH AND WAY IN NET TONS

(Source: Canal Statistics - Dominion Bureau of
Statistics, 1928 - 1953)

<u>Year</u>	<u>Tonnage</u>
1953	19,542,150
1952	17,910,756
1951	16,197,924
1950	14,740,573
1949	13,692,209
1948	13,373,321
1947	11,805,575
1946	10,580,146
1945	12,962,332
1944	11,316,681
1943	10,115,996
1942	11,108,121
1941	13,230,175
1940	12,906,474
1939	11,727,553
1938	12,629,054
1937	11,747,950
1936	10,436,803
1935	8,953,383
1934	9,280,452
1933	9,194,130
1932	8,537,460
1931	7,273,886
1930	6,087,910
1929	4,769,866
1928	7,439,617

THROUGH & WAY TRAFFIC ON THE ST. LAWRENCE CANALS

(Source: Canal Statistics - Dominion Bureau of
Statistics, 1928 - 1953)

<u>Year</u>	<u>Net Tons of Cargo</u>
1953	10,081,992
1952	9,836,395
1951	9,916,857
1950	9,969,271
1949	7,960,194
1948	7,378,010
1947	7,179,594
1946	5,750,578
1945	6,947,870
1944	5,862,868
1943	6,148,024
1942	6,162,581
1941	6,929,569
1940	7,479,617
1939	8,340,165
1938	9,236,318
1937	9,195,439
1936	8,238,524
1935	6,873,655
1934	6,660,052
1933	6,951,064
1932	6,693,800
1931	6,036,980
1930	6,179,023
1929	5,718,651
1928	8,411,542

Source: Green's Great Lakes Directory
Lloyd's Register of Ships and
C.S.L. Records.

CANADIAN OWNED (DRY CARGO) VESSELS TRADING IN THE GREAT LAKES

(Showing their Cargo Deadweight Tonnage)

<u>Names of Companies</u>	<u>No. of Ships</u>	<u>Capacity</u>	
		<u>Upper Lakers</u> (Tons)	<u>Lower Lakers</u> (Tons)
Algoma Central Steamship Line	6	47,000	
Bayswater Shipping Limited	2		4,650
Beaconsfield Steamships Ltd.	7	7,000	19,600
Canada Cement Transports Ltd.	2		6,100
Canada Steamship Lines Ltd.	55	309,150	81,650
Coal Carriers Corporation Ltd.	2		4,000
Canadian Pacific Railway	2	4,800	
Colonial Steamships Ltd.	33	127,912	69,600
Gulf & Lakes Navigation Co. Ltd.	2		5,400
Hall Corporation of Canada Ltd.	10		27,350
Keystone Transports Ltd.	9		25,100
Owen Sound Transportation	3	2,368	
Mohawk Navigation Co. Ltd.	4	34,500	3,000
Northwest Steamships Ltd.	2		5,600
N.M. Paterson & Sons Ltd.	34	112,400	46,600
Quebec & Ontario Transportation Co. Ltd.	7	6,000	17,600
Reoch Steamship Co. Ltd.	5		14,600
Upper Lakes & St. Lawrence Transportation	25	100,700	42,100
Yankcanuck Steamships Ltd.	5	14,580	7,200
6 Companies owing one (1) ship each	<u>6</u>	<u>3,500</u>	<u>10,436</u>
	<u>221</u>	<u>769,910</u>	<u>390,586</u>

SUMMARY

	<u>Upper Lakers</u>		<u>Lower Lakers</u>	
	<u>No.</u>	<u>Tonnage</u>	<u>No.</u>	<u>Tonnage</u>
Freighters	71	744,842	130	360,500
Self-Unloaders	3	17,900	11	29,250
Passenger Vessels	<u>5</u>	<u>7,168</u>	<u>1</u>	<u>836</u>
GRAND TOTAL	<u>79</u>	<u>769,910</u>	<u>142</u>	<u>390,586</u>

LAKEHEAD GRAIN SHIPMENTS BY VESSEL

Seven year average

Crop years 1946-47 to 1952-53.

Graff not reproduced.

COMPARISON OF CREW AND CREWS BASIC MONTHLY
WAGE RATE FOR 10,000 TON BULK CARRIER.

<u>Rank or rating</u>	<u>UNITED KINGDOM (OCEAN GOING)</u>		<u>CANADIAN (OCEAN GOING)</u>		<u>(UPPER LAKE VESSEL)</u>	
	<u>No.of Men</u>	<u>Wage Rate \$</u>	<u>No.of Men</u>	<u>Wage Rate \$</u>	<u>No.of Men</u>	<u>Wage Rate \$</u>
		<u>Actual Rates paid in 1955</u>		<u>Rates paid in 1955</u>		<u>Rates paid in 1955</u>
Captain	1	189	1	560	1	857
1st Mate	1	153	1	425	1	456
2nd "	1	120	1	372	1	383
3rd "	1	96	1	325	1	353
Chief Engineer	1	209	1	500	1	679
2nd "	1	141	1	425	1	456
3rd "	1	111	1	372	1	378
4th "	1	95	1	325	1	354
5th "	1	80	1	302	-	-
Stewards-						
Cook 1st	1	106	1	300	1	280
" 2nd	2	66 & 98	1	204	1	200
Cooks Orderly	2	78	2	204	-	-
Mess Men-						
Cabin Boys	2	34	3&1	161&187	2	190&180
Electrician	-	-	-	-	1	365
Able Seamen-						
Wheel	3	72	3	204	3	230
Able Seamen-						
Deck	5	69	3	178	5	190
Able Seamen-						
Watch	2	52	-	-	3	205
Firemen-						
Trimmers	3	81	3 & 3	194&204	3	220
Donkey Men-						
Oilers	3	86	1 & 3	221&209	4	230
Bosun	1	89	1	221	-	-
Carpenter	1	95	1	226	-	-
Storekeeper	1	86	-	-	-	-
Radio Officer	1	22	1	302	-	-
 T O T A L.....	 36	 \$3146	 36	 \$9125	 31	 \$8966

Note 1. The monthly costs shown in the table are basic without fringe benefits.

Note 2. The rates for licensed personnel of U.K. and Canadian Ocean going ships have been supplied by local shipping companies.

Note 3. The rates for unlicensed personnel of U.K. and Canadian Ocean going ships have been supplied by the S.I.U.

Note 4. The monthly rates of Canadian Upper Lake Vessels exclude overtime and holiday allowance. The cost of these additional benefits adds more than twenty percent to the basic figure of \$8966 per month, making the total labour cost per month of a Canadian Upper Lake vessel about \$11,000.

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LAKEHEAD SHIPMENTS OF GRAIN BY VESSEL

By months for Crop Years

1946-47 to 1952-53 incl.

GRAFT NO REPRODUCED

-----O-----

BRITISH COMMONWEALTHMERCHANT SHIPPING AGREEMENT

Signed at London on 10th December,
1931

His Majesty's Governments in the United Kingdom of Great Britain and Northern Ireland, Canada, the Commonwealth of Australia, New Zealand, the Union of South Africa, the Irish Free State and Newfoundland, having considered the report of the Conference on the operation of Dominion Legislation and Merchant Shipping Legislation, 1929, undertake to propose any necessary legislation and take such other steps as may be required for the purpose of giving full effect to the provisions of the present Agreement with regard to Merchant Shipping.

- Part I -- Common Status.
- Part II -- Standards of Safety.
- Part III -- Extra-territorial Operation of Laws.
- Part IV -- Equal Treatment.
- Part V -- Ships' Articles, Internal Discipline, and Engagement and Discharge of Seamen.
- Part VI -- Certificates of Officers.
- Part VII -- Shipping Enquiries.
- Part VIII -- Relief and Repatriation of Seamen; Wages and Effects of deceased Seamen.
- Part IX -- Offences on Board Ship.
- Part X -- General.

Article 1. -- In this agreement, unless the context otherwise requires, the following expression has the meaning hereby assigned to it, that is to say:-

"Part of the Commonwealth" means any Part of the British Commonwealth of Nations the Government of which is a party to this Agreement.

PART ICommon StatusCommon Qualifications

Article 2.-- (1) No ship shall be registered in any port within the British Commonwealth so as to acquire the status and recognition mentioned in paragraph (2) of this Article unless it is owned wholly by persons of the following description, namely:-

(a) Persons recognized by law throughout the British Commonwealth of Nations as having the status of natural born British subjects;

(b) Persons naturalized by or in pursuance of the law of some part of the British Commonwealth;

(c) Persons made denizens by letters of denization; and

(d) Bodies corporate established under and subject to the law of some part of the British Commonwealth and having their principal place of business within the British Commonwealth.

(cont.) Exhibit No.10

(2) Every ship so owned and duly registered within the British Commonwealth shall possess a common status for all purposes and shall be entitled to the recognition usually accorded to British ships.

REGISTRY

Article 3. -- The laws, regulations, forms and procedure relating to the matters following, that is to say:-

Obligation to Register;
 Certificate of Registry;
 Transfer and Transmissions;
 Mortgages;
 Certificates of Mortgage and Sale;
 Name of Ship;
 Registry of Alterations, Registry Anew,
 and Transfer of Registry;
 Incapacitated Persons;
 Trusts and Equitable Rights;
 Liability of Beneficial Owner;
 Managing Owner;
 Declarations, Inspection of Register
 and Fees;
 Returns, Evidence and Forms;
 Forgery and False Declarations;
 Measurements of Ship and Tonnage;

shall be substantially the same throughout the British Commonwealth and so far as possible be based on Part 1 of the Merchant Shipping Act, 1894.

Article 4.-- In order that there may be a complete list of ships registered in all parts of the British Commonwealth for statistical purposes, particulars (such as the name of the ship, the registered number, the port to which she belongs, the name of the registered owner, and the tonnage) relating to all ships registered at their ports, will be forwarded by the Administration of each Part of the Commonwealth at convenient intervals to the Registrar General of Shipping and Seamen in London. Copies of the complete list shall be forwarded annually to the Administration of each Part of the Commonwealth.

NATIONAL COLOURS

Article 5.-- It being recognized that the proper national colours for all ships registered in any Part of the Commonwealth shall be such as may be determined by the Government of that Part, each Part of the Commonwealth undertakes to prohibit under penalty (a) the use by ships registered in that Part of any national colours other than those determined for those ships; (b) the hoisting on board any ship registered in that Part of colours proper to a ship of war or resembling any of those colours, without proper warrant.

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PART II

Standards of Safety

Article 6.-- While each Part of the Commonwealth will from time to time determine the standards with which its ships shall be required to comply in all matters relating to safety, every endeavour will be made to preserve uniformity and to maintain the standards at present in force.

Article 7.-- Each Government which proposes to make an alteration of substance in these standards will give as long notice as practicable to the other Governments of the proposed alteration and of the reasons for it.

Article 8.-- Subject to the provisions of Part IV, nothing in this Agreement affects the right of each Part to apply to any ship trading to its ports its regulations regarding the safety of ships; their crews and passengers, except in so far as the ship complies with regulations accepted by the Part as equivalent to its own regulations.

PART III

Extra-Territorial Operation of Laws

Article 9.-- Save as otherwise specially provided in this Agreement, the laws relating to merchant shipping in force in one Part of the Commonwealth shall not be made to apply with extra-territorial effect to ships registered in another Part unless the consent of that other Part of the Commonwealth has been previously obtained:-

Providing that nothing contained in this Article shall be deemed to restrict the power of each Part of the Commonwealth to regulate the coasting trade, sea fisheries and fishing industry of that Part.

PART IV

Equal Treatment

Article 10.-- Each Part of the British Commonwealth agrees to grant access to its ports to all ships registered in the British Commonwealth on equal terms and undertakes that no laws or regulations relating to seagoing ships at any time in force in that Part shall apply more favourably to ships registered in that Part, or to the ships of any foreign country, than they apply to any ship registered in any other Part of the Commonwealth.

Article 11.-- While each Part of the British Commonwealth may regulate its own coasting trade, it is agreed that any laws or regulations from time to time in force for that purpose shall treat all ships registered in the British Commonwealth in exactly the same manner as ships registered in that Part, and not less favourable in any respect than ships of any foreign country.

Article 12.-- Nothing in the present Agreement shall be deemed ---

(i) to derogate from the right of every Part of the Commonwealth to impose customs tariff duties on ships built outside that Part: or

(ii) to restrict the right of the Government of each Part of the Commonwealth or give financial assistance to ships registered in that Part of its right to regulate the sea fisheries of that Part.

PART V

Ships' Articles

Internal Discipline and Engagement and Discharge of Seamen.

Article 13.-- The form and contents of ships' articles if first opened in a Part of the Commonwealth, shall be those prescribed by law of that Part, and if first opened elsewhere than within the British Commonwealth, shall be those prescribed by the law of the Part in which the ship is registered.

Article 14.-- The powers and duties with respect to discipline on board a ship registered within the British Commonwealth shall, in so far as they are not derived from the ship's articles, be those made and provided by the laws and regulations in force in the Part of the Commonwealth in which the ship is registered.

Provided that if and so long as a ship, registered in one Part of the Commonwealth, is engaged wholly or mainly in the coasting trade of another Part, the powers and duties with respect to such discipline may be those made and provided by the laws and regulations in force in that other Part.

Provided also that in the case of a ship which is trading from a Part of the Commonwealth in which the principal place of business of her owners is situated, and not trading to the Part of the Commonwealth in which she is registered, the powers and duties with respect to such discipline may be those made and provided by the laws and regulations in force in the former Part.

Article 15.-- Provision shall be made by law in each Part of the Commonwealth that whenever a seaman or apprentice deserts in the Part from a ship registered in another Part, any Court exercising summary jurisdiction in the Part in which the seamen or apprentice has deserted, and any Justice or Officer of such Court shall, on the application of the master of the ship, aid in apprehending the deserter, and, for that purpose may, on information given on oath, issue a warrant for his apprehension, and on proof of the desertion, order him to be conveyed on board his ship or delivered to the master or mate of his ship, or to the owner of the ship or his agent, to be so conveyed.

PART VI

Certificates of Officers

Article 16.-- The standards of qualification to be required of applicants for certificates of competency and of service shall so far as possible be equal and alike throughout the British Commonwealth, and shall not be lower than those at present established.

Article 17.-- Subject to any special provisions that may be made by any Part of the Commonwealth as to the qualifications to be required of officers on ships engaged in its coasting trade, a valid certificate of competency or service granted by one Part of the Commonwealth will be recognised throughout the British Commonwealth as indicating that the holder is duly qualified accordingly when serving on board any ship registered in that Part.

PART VII

Shipping Enquiries

Article 18.-- The Government of each Part of the Commonwealth agrees to assist the Government of the other Parts by providing for officers to hold preliminary enquiries (including the taking of depositions) into casualties to ships registered in such other Parts.

Article 19.-- No Government of any Part of the Commonwealth will cause a formal investigation to be held into a casualty occurring to a ship registered in another Part save at the request or with the consent of the Government of that Part in which the ship is registered.

Provided that this restriction shall not apply when a casualty occurs on or near the coasts of a Part of the Commonwealth or whilst the ship is wholly engaged in the coasting Trade of a Part of the Commonwealth.

Article 20.-- In all Parts of the Commonwealth the laws and regulations relating to the matters following, namely:-

- Constitution of Courts having jurisdiction to hold formal investigations;
- Holding of such Courts with the assistance of Assessors;
- Classification of Assessors according to their qualifications;
- Selection of Assessors according to the nature of the questions to be raised;
- Notice of investigation and the service thereof;
- Opportunity to be given to any person whose conduct may be impugned of making a defence;
- Procedure on the hearing;
- Rehearings and Appeals;

shall be, so far as possible, alike, and shall be based upon the provisions relating to formal investigations contained in Part VI of the Merchant Shipping Act, 1894,

and the Shipping Casualties and Appeals and Rehearings Rules, 1923, made pursuant thereto.

Provided that

(1) the Administration of that Part of the Commonwealth in which a formal investigation is held shall alone be competent to order a rehearing thereof;

(2) an appeal from a decision of a Court of formal investigation shall lie to a Court in the Part of the Commonwealth in which the formal investigation was held and that Court shall be similar in its constitution and jurisdiction to a Divisional Court of Admiralty in England;

(3) a Court of formal investigation shall be empowered to cancel or suspend a certificate of competency or service granted by the Administration of another Part of the Commonwealth so only as to effect its validity within the jurisdiction of the part in which the investigation is held, but the Administration by which the certificate was granted may adopt such cancellation or suspension.

Article 21.-- Provisions shall be in force in each Part of the Commonwealth similar, so far as possible, to those contained in Part VI of the Merchant Shipping Act, 1894, relating to the special enquiry that may be held when there is reason to believe that any master, mate, or certificated engineer is from incompetency or misconduct unfit to discharge his duties.

Provided that the power of a Court holding such enquiry to cancel or suspend a certificate of competency or service granted by a Part of the Commonwealth other than that in which the enquiry is held shall be similar to the power of a Court of formal investigation under the last preceding Article.

PART VIII

Relief and Repatriation of Seamen

Wages and Effects of Deceased Seamen

Article 22.-- A scheme shall be drawn up to which each Part of the Commonwealth shall give legislative effect, under which provision shall be made:-

(a) for the relief and repatriation of seamen belonging to any Part of the Commonwealth who may be found in distress or left behind in any other Part or in places abroad, and for defraying the expenses;

(b) for payment of the expenses of medical attendance, maintenance, burial and repatriation in case of injury or illness of seamen;

(c) for dealing with the effects and wages of seamen who are left behind or die in a port out-

side the Part of the Commonwealth to which they belong;

(d) for the recovery from the owner of the ship in proper cases or any expenses incurred by the Administration of any Part of the Commonwealth in the matters referred to in paragraphs (a) and (b).

PART IX

Offence on Board Ship

Article 23.-- Reciprocal arrangements shall be made for conferring jurisdiction on the lines of Section 686 of the Merchant Shipping Act 1894, with respect to offences committed on board ships registered in any Part of the Commonwealth.

PART X

GENERAL

Article 24.-- The present Agreement shall come into operation on the tenth day of December, 1931, and shall continue in full force for a period of five years and thereafter until the Government of any Part of the Commonwealth gives notice of intention to withdraw therefrom or from any Article thereof. A notice of withdrawal, if sent to the Governments of every other Part of the Commonwealth, shall take effect as regards the Part giving the notice to the extent therein specified at the expiration of twelve months from the date of its despatch, but shall not otherwise affect the continuance in full force of the present Agreement.

Article 25.-- The present Agreement may be varied at any time during the continuance thereof by common accord. Proposals for variation shall be sent by the Government of the Part proposing the variation, to the Government of the United Kingdom, to be circulated to the Governments of the other Parts of the Commonwealth, who will consider the proposals and endeavour to agree upon the acceptance of the variation with or without amendment. If a common accord is reached with respect to any proposed variation the present Agreement shall be varied accordingly.

Article 26.-- A conference to consider any matter the subject of the present Agreement or any other matter relating to Merchant Shipping which the Government of any Part of the Commonwealth considers to be of common interest, may be called at any time at the instance of the Governments of any three Parts of the Commonwealth.

Article 27.-- This Agreement shall apply to all territories administered under the authority of the Government of any Part of the Commonwealth and to ships registered there, or in any foreign port of registry, and fulfilling the requirements as to ownership set out in Article 2 (1).

Signed at London this tenth day of December, 1931.

On behalf of:

His Majesty's Government in the
United Kingdom of Great Britain
and Northern Ireland ---

J. H. THOMAS.

His Majesty's Government of
Canada ---

G. H. FERGUSON.

His Majesty's Government in
the Commonwealth of Australia -

GRANVILLE RYRIE.

His Majesty's Government
in New Zealand ---

T. H. WILFORD.

His Majesty's Government in
the Union of South Africa ---

C. T. de Water.

His Majesty's Government in
the Irish Free State ---

JOHN W. DULANTY.

His Majesty's Government in
Newfoundland ---

MORRIS.

INDEXES OF FREIGHT RATES FOR WHEAT, ON OCEAN
TRAFFIC FROM ST. LAWRENCE PORTS TO THE UNITED
KINGDOM, AND ON LAKE TRAFFIC FROM FORT WILLIAM-
PORT ARTHUR TO MONTREAL DIRECT.

(Base: 1933-54, neglecting the war years - 100)

Source: Indexes computed from freight rates quoted
by the Board of Grain Commissioners.

<u>Year</u>	<u>Ocean Traffic</u>	<u>Lake Traffic</u>
1933	27.5	39.6
1934	29.8	61.2
1935	36.8	44.8
1936	39.7	45.1
1937	65.1	40.6
1938	56.5	60.2
Average 1939-1945	166.9	75.0
1946	175.1	83.1
1947	156.8	103.5
1948	156.8	120.5
1949	125.0	132.6
1950	88.7	128.3
1951	228.5	164.2
1952	109.2	164.2
1953	97.6	164.2
1954	106.9	147.8

Exhibit No. 12

Changes in freight rates for wheat,
on ocean traffic from St. Lawrence
Ports to the United Kingdom, and
on Lake Traffic from Fort William -
Port Arthur to Montreal direct.

Average 1939-1945

GRAFF NOT REPRODUCED

680888
Gov.Doc Canada. Coasting Trade, Royal Commission on
Can Submissions, 1955.
Com v. 1-2.
C

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